

July 1978

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EUROPEAN NEWS

THE SOVIET OIL INDUSTRY

Offshore expansion makes
new technology necessary

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT, IN MOSCOW

THE OFFICIAL Soviet Government response to President Carter's decision to put oil industry export licence regime has been to deny its possible effectiveness. But there is no attempt here to deny that considerable purchases of Western equipment and know-how will be needed to fulfil the next decade's ambitious oil and gas production targets.

The Soviet view is that much of the technology and equipment they require is also available from non-American sources, even though turning to alternative suppliers could mean accepting less than the very best technology.

The Soviet Union's need to import substantial quantities of Western equipment is largely due to the sheer scale of the Soviet exploration and production effort. But it also reflects the USSR's relative technical backwardness in areas like accurate deep seismic analysis, deep drilling techniques and equipment, and off-shore technology.

This technology gap exists largely because most of the expansion of the oil and gas industry up to the later 1980s was concentrated on large and relatively accessible on-shore fields like the Ural-Volga. Here technology was developed to exploit oil and gas from relatively shallow hard-rock formations.

But the expansion eastwards into Siberia and the existence of large potential oil deposits in inland sea areas like the Caspian and off-shore areas like the Barents Sea and off Sakhalin Island in the Far East have created a big need for both deep drilling and off-shore technology.

They have also made necessary sophisticated gas injection recovery methods, pumping techniques and large dimension steel pipes.

In spite of these shortcomings and the enormous difficulties of producing and transporting oil and gas in the harsh Siberian environment, the Soviet industry is still on line to fulfil its target

of producing 620-640m tonnes of oil a year by 1980, compared with 546m tonnes last year, Mr. Takoyev said.

A key role in achieving this target is being played by the oil fields in Western Siberia, and especially the giant Samotlor field. According to Mr. Takoyev, output from the Samotlor field was 112m tonnes in 1977, and is scheduled to rise to 140m tonnes in 1978.

The latest Soviet estimate for output from the West Siberia oilfields as a whole in 1980 has been increased to 315m tonnes as compared with the 300-310m tonnes projected in the current Five Year Plan. Production of 350m tonnes is expected from the West Siberia oilfields by 1985, Mr. Takoyev added by way of rebutting last year's controversial CIA report which predicted an early peaking and subsequent sharp decline of output from this area.

In the Caspian Sea, where up to now off-shore production has been limited mainly to the shallow continental shelf, one Dutch-built and two Soviet-built jack-up rigs, capable of operating at depths of up to 75-80 metres are in operation. The first Soviet-built semi-submersible rig capable of operating in up to 230 metres and drilling to 6,000 metres is now expected to be ready to start operation early in 1979. A second Finnish-American semi-submersible is being assembled at Astrakhan.

Off-shore production of oil and condensate in the Caspian totals 11m tonnes so far, and by the end of 1980 five jack-up rigs and three semi-submersibles are expected to be in operation to boost production considerably, Mr. Takoyev added.

Foreign companies, including BP, Wimpay, Brown and Root, McDermott and Japanese and French companies are currently awaiting a decision from the Ministry of Foreign Trade which is shortly expected to award a new contract for off-shore drilling technology in the Caspian.

But the Soviet Union is also planning extensive co-operation with Comecon countries, particularly Romania, East Germany and Poland, which have extensive shipbuilding capacity in the exploration and exploitation of the ice-covered Barents Sea and other Arctic sea areas. This is an area where BP's combination of North Sea and Alaskan north slope experience is also believed to be of particular interest to the Soviet industry.

According to Mr. Takoyev, geological research so far in the Barents Sea shows "a good structure very rich in hydrocarbons at a depth of around 3,000-3,100 metres." But exploratory drilling on an off-shore island in the sea has not yet reached the levels at which the oil deposits are presumed to exist.

The industry also holds out good prospects for the East Siberian fields where some Soviet geologists believe there are more than likely to be extensive gas deposits, while others believe that seismic studies so far indicate large and balanced deposits of both oil and gas, according to Mr. Takoyev.

On the subject of Comecon co-operation in the energy field, which was one of the major topics for discussion at the recent Comecon summit in Bucharest, Mr. Takoyev said there are now several long-term agreements lasting into the 1990s. These cover co-operation in off-shore exploration, down-hole instruments, surface installations, pipelines and scientific and technological research into enhanced oil recovery and other fields. He also indicated that Soviet supplies of oil and gas to Comecon "would not be less than now, during the next Five-Year Plan."

Delivery targets for the next Five-Year Plan have not yet been fixed and were in any case a matter for the competence of the Gosplan and the Foreign Trade Ministry, not the Oil Ministry, he added.

Mr. Takoyev made clear, however that in general Soviet policy believes it will be able to obtain the technological assistance it requires.



A drill rig in Siberia, with enclosed work space to protect workers from the -50°C temperatures.

In some Comecon countries, and the expansion of their coal, lignite and other energy sources. The USSR also wanted to further its greater fuel economy, and increased trade and co-operation with oil-producing countries outside the Soviet Bloc.

The implication is that although Soviet energy shipments to other Comecon countries will not fall in quantitative terms, Soviet oil and gas will satisfy a decreasing percentage of Comecon's overall, rising energy needs.

This would leave the Soviet Union free to export whatever surplus it can manage to produce in the 1980s to the hard currency areas from which it still requires the technological assistance it requires.



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June 30, 1978

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ASSETS

| | |
|--|------------------------|
| Cash and Due from Banks | \$ 567,848,000 |
| Securities | |
| U. S. Government | 522,760,000 |
| Federal Agency and Other | 8,160,000 |
| Obligations of States and Political Subdivisions | 358,265,000 |
| Trading Account | 145,843,000 |
| Money Market Assets | |
| Federal Funds Sold and Securities | |
| Purchased under Agreements To Resell | 189,160,000 |
| Other Domestic | 297,764,000 |
| Foreign Offices | 492,168,000 |
| Loans | 1,718,757,000 |
| Reserve for Possible Loan Losses | (25,584,000) |
| Buildings and Equipment | 87,844,000 |
| Other Assets | 88,109,000 |
| TOTAL | \$4,451,019,000 |

LIABILITIES

| | |
|-----------------------------------|-----------------|
| Deposits | |
| Demand | \$1,113,095,000 |
| Savings | 815,584,000 |
| Other Time | 660,595,000 |
| Foreign Offices | 776,274,000 |
| Total Deposits | \$3,365,548,000 |
| Federal Funds Purchased and Other | |
| Borrowings | 708,419,000 |
| Accrued Taxes and Other Expenses | 66,950,000 |
| Other Liabilities | 27,976,000 |
| Long-Term Notes | 50,000,000 |
| Total Liabilities | \$4,218,893,000 |

STOCKHOLDER'S EQUITY

| | |
|------------------------------|------------------------|
| Capital Stock—\$20 Par Value | \$ 66,000,000 |
| Surplus | 101,000,000 |
| Undivided Profits | 40,126,000 |
| Reserve for Contingencies | 25,000,000 |
| Total Stockholder's Equity | 232,126,000 |
| TOTAL | \$4,451,019,000 |

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NEW ISSUE

August 7, 1978

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EUROPEAN NEWS

Prime Minister of W. German state forced to resign

By Jonathan Carr

Bonn, August 7.

DR. HANS FILIBINGER, the Prime Minister of the West German state of Baden-Wuerttemberg, today announced his resignation following a mounting barrage of criticism of his activities as a naval judge towards the end of the Second World War.

In bitter comments to reporters Dr. Filibinger, aged 84, said he had been done a grave injustice — that he was the victim of a defamation campaign unparalleled in Federal German history.

Pressure on him to step down even from within his own Christian Democrat (CDU) party — became overwhelming following revelations of death sentences he passed on deserters when serving as a naval staff judge in Norway in 1945.

Initially he admitted to being involved in only one case, but later details of others emerged whose authenticity he did not dispute.

Dr. Filibinger noted that he had been under orders — and that he had on occasion been able to use his influence to obtain remission of sentences. In the last few months he has constantly said he had been the victim of a campaign of extreme Left-wing propaganda.

His decision to resign brings to a close a 12-year career as a Government leader, during which Baden-Wuerttemberg's position as a key CDU bastion. At the last State elections in 1976, the CDU gained

nearly 57 per cent of the vote — against only 23 per cent for the main opposition party, the Social Democrats (SPD).

There is so far no firm word on a successor. Possibilities include the state Interior Minister, Herr Lothar Spaeth, and the Lord Mayor of Stuttgart, Dr. Manfred Rommel, son of the wartime field marshal forced by the Nazis to commit suicide.

At the immediate party political level, Dr. Filibinger has had to agree to step down because of a massive decline in support within the ranks of his own party.

When first details of a death sentence he had passed were revealed in an article in February this year, the play-wright Herr Rolf Hochhuth, most of the CDU state and federal CDU leadership was ready to support Dr. Filibinger against public criticism.

As other cases emerged CDU members were seriously harmed the party nation ally — particularly in the state elections in Baden-Wuerttemberg in October. Dr. Filibinger had been the victim of a campaign of extreme Left-wing propaganda.

His decision to resign brings to a close a 12-year career as a Government leader, during which Baden-Wuerttemberg's position as a key CDU bastion. At the last State elections in 1976, the CDU gained

Ecevit attacks strict loan conditions

By Metin Munir

ISTANBUL, August 7.

MR. BULENT ECEVIT, the Turkish Prime Minister today criticised developed countries and international finance organisations for imposing restrictions on the economies of underdeveloped nations, which could lead to political upheaval.

"Countries and institutions allocating credits usually force the economies of underdeveloped countries to stagnation in the name of 'stability,'" said Mr. Ecevit. But he claimed that developing countries could only achieve development through "dynamic stability."

Enforcing "stagnant stability," he said, could result in widening the gap between developed and developing countries, as well as social and political upheavals due to slower development or higher unemployment.

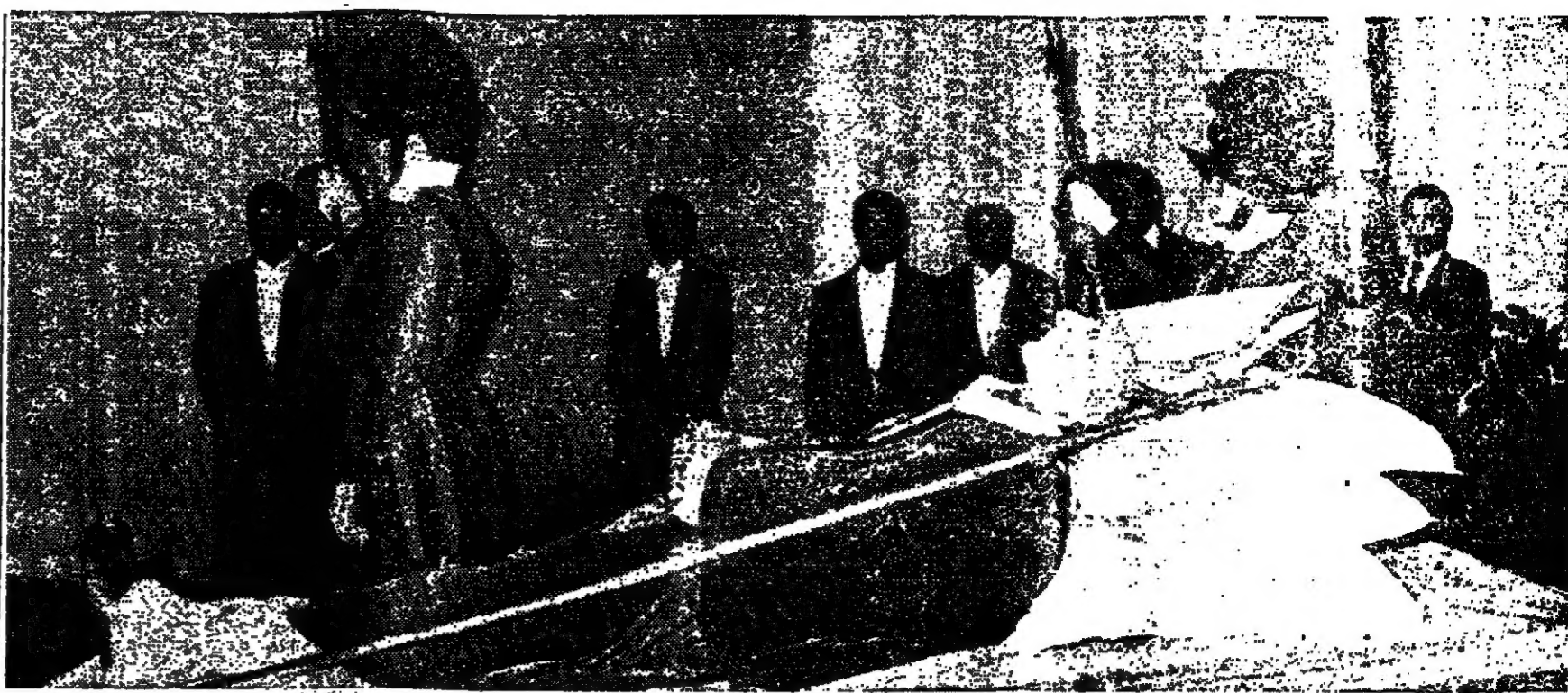
Such "upheavals" could increase the tendencies to establish autocratic regimes. Mr. Ecevit's words clearly referred to conditions in Turkey and reflected his fears about it.

Turkey's economic condition has forced Mr. Ecevit's administration to adopt a stabilisation programme which is leading to stagnation. The programme has been formulated in consultation with the IMF, which signed a stand-by agreement with Turkey.

Mr. Ecevit also condemned multinational companies, which, he said, "are not at ease with democracy even in their mother countries. They tend to move away from labour-intensive industries in their mother countries, where labour rights are protected by democratic regimes, and install them in countries where authoritarian regimes in kee wages at low levels."

Mr. Ecevit was speaking before the opening session of the seminar in Istanbul on the "new international economic order" attended by representatives of a number of underdeveloped nations. The five-day seminar will examine the "balance sheet of four years" since the special session of the UN General Assembly in 1974.

Mr. Ecevit suggested some prerequisites to help the underdeveloped nations break out of their "vicious circles."



Mourners flock to palace as Pope Paul lies in state

By Paul Betts

Rome, August 7.

THOUSANDS OF pilgrims flocked today to the Papal palace of Castel Gandolfo, near Rome, where Pope Paul VI died last night, aged 80, after a heart attack while attending mass in bed. All public buildings in Rome flew flags at half mast today.

The French Cardinal Jean Villot, the Vatican Secretary of State, took interim control of the daily administration of church affairs. A council of cardinals currently present in Rome are now to organise the Con-

claves, which must take place within the next 20 days, to elect the new Pope.

While Pope Paul's papal ring and seal were smashed today following Church tradition, there was already speculation here over his possible successor.

The general view here is that the Sacred College of Cardinals is expected to elect another Italian pope, although the voice of the Italian cardinals within the conclave has been sharply cut back.

Among the most likely candi-

dates is Cardinal Sergio Pignedoli, an intimate friend of Pope Paul and his close adviser when he was Archbishop of Milan.

Cardinal Pignedoli is also president of the Vatican's secretariat for non-Christian affairs and hence could win the support of Third World representatives of the Sacred College.

Pope Paul's body, in Red Papal vestments, lay today in the second floor "Swiss Hall" of Castel Gandolfo, the Pope's summer residence. The body will be moved to St. Peter's in

Rome on Wednesday and will be buried in the crypt after a funeral service on Saturday.

Messages of sympathy from throughout the world reached Rome today. The new Italian President, Sig. Sandro Pertini, who only last week officially called on the Pope, expressed the nation's deepest sorrow, as did the Communist President of the Italian Chamber of Deputies, Sig. Pietro Ingrao.

Pope Paul's health had been reported to be frail but his death following a cardiac arrest last

night took Italy by surprise. During his Easter address, however, Pope Paul had spoken about his deteriorating condition.

Pope Paul's reign was generally regarded as a transitional phase in the Roman Catholic Church. Pope Paul aimed above all at consolidating the innovative and progressive reforms of Pope John XXIII. His succession is now expected to provide a clue to the way the Catholic Church intends to move and to adapt itself to a modern world and a changing society.

French radical leader may lead unemployment study

By David White

Paris, August 7.

THE JUNIOR of the three parties in France's one-time Union of the Left, the Left Wing Radicals, has been split by wingers and deserters in the move President Giscard d'Estaing is proposing a special mission to M. Robert Fabre, a founder and its leader at the March general election.

The party's central committee has been summoned for an urgent meeting on Wednesday to discuss M. Fabre's appointment to look into the unemployment problem.

M. Michel Crepeau, who replaced M. Fabre as leader after the Left's poll defeat, said he was "grieved" by his pre-decessor's rapprochement with about the proposed mission.

the President. M. Fabre was a member of the Left Wing Radicals, has been split by wingers and deserters in the move President Giscard d'Estaing is proposing a special mission to M. Robert Fabre, a founder and its leader at the March general election.

He would, he said, demand full information before giving his final acceptance to the President.

If his mission failed, it would prove that a new relationship between the Government and the opposition, sought by Giscard d'Estaing since the first days after the election, was impossible.

Child dies in Dutch polio outbreak

By Charles Batchelor

AMSTERDAM, August 7.

AN OUTBREAK of polio which has affected nearly 100 members of strict communities in Holland opposed to vaccination on religious grounds has claimed its first fatality. A three-month-old baby girl from the village of Meliskerke in south western Holland died of polio, the Health Ministry said. The child died on June 28 but the death has only now been attributed to polio.

The number of confirmed cases since the outbreak began in April has now risen to 96. The health authorities are convinced the worst of the epidemic is now over, however, and say that new cases being discovered contracted the disease some time ago.

Eanes to meet political leaders

By Jimmy Burns

Lisbon, August 7.

ALTHOUGH the deadline set by President Ramalho Eanes last week for the solution of Portugal's political crisis expired today, the country remains without a Prime Minister and Government.

The President was due to meet the main political leaders, including Dr. Mario Soares, the former Prime Minister, tonight to present what is believed to be a list of possible candidates for the premiership.

It is thought that the post will go to a moderate socialist rather than to a military man as suggested earlier. The President is believed to be keen on calming the aggressive attitudes adopted by the Socialist Party after its public rejection of the presidential ultimatum last week.

As leader of the Socialist Party, Dr. Soares has already made plain his disapproval of the possible appointment of a military man to head the next Government.

Dr. Soares said that the appointment would put too much power in the hands of the armed forces. The President is a General and is advised by the military Council of the Revolution, a body empowered to veto future Government legislation.

Almost lost in the general political confusion is the fact that a nationwide strike by Portugal's 8,000 merchant seamen, has now entered its fourth week. The strike is continuing because of the refusal of Ministry of Labour officials to sign a collective wage agreement. They say that they are no longer

empowered to do so.

The strike threatens to affect fuel supplies to the important tourist region of the Algarve. It may also disrupt food supplies to the Azores and Madeira. The seamen are demanding an increase of 19 per cent and improved conditions.

Portugal's hotel workers, who went on strike earlier this month, may soon stop work again. The earlier stoppage was 70 per cent effective in some parts of the country and complete in a number of major hotels.

The latest bout of labour militancy is believed to be part of a reminder by the Communist Party that it is still a force to be reckoned with, and that the President cannot ignore it in any political solution.

P & O director seeks shipping diversification

By Lynton McLain

WORLD SHIPYARDS should concentrate on building "non-commercial shipping," including small vessels for coastal trades, fishing and oil protection, Mr. Sandy Marshall, managing director of P & O said in Norway yesterday.

Mr. Marshall spoke at the launch of the Ragni Berg motor vessel from the Drammen shipyard. He criticised the British Government for its short-sighted measures providing "give-away ships" for Poland and other developing nations. "This only postponed a reduction in Britain's shipbuilding capacity," he said. The problems in the shipyards were severe, but subsidies were unproductive.

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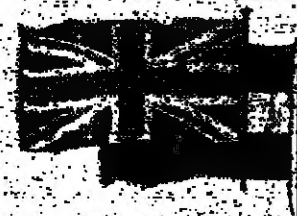
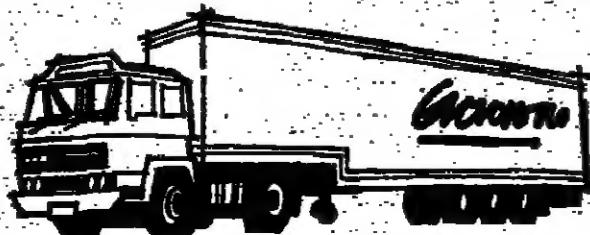
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OVERSEAS NEWS

Rhodesia racism statement expected

By Tony Hawkins

SALISBURY, August 7.

RHODESIA'S TRANSITIONAL Government is to make a major statement on the abolition of racial discrimination tomorrow.

This was announced today by Mr. Ian Smith, in the wake of a public warning from Bishop Abel Muzorewa on his return from Britain and America, that the interim Government's failure to move on racism was costing it support and friends internationally.

Today, the two tiers of the interim administration—the four-member Executive Council and the 16-member Ministerial Committee—met in joint session to consider the statement.

Observers here expect the statement to announce the repeal of the Land Tenure Act inasmuch as it applies to white residential areas. At the moment blacks are precluded from owning property in white residential areas though they can do so in white farming areas.

It remains to be seen whether there will be any move to cope with discrimination on three crucial fronts—education, health and the military call-up. The blacks are demanding the immediate repeal of racial laws in respect of schools and hospitals while the white members of the coalition have told the African politicians that they must prepare their supporters for a call-up that embraces all races and not just the whites, coloureds and Asians.

Observers here believe that it will not be possible to make anything more than a statement of intent on these three issues. The schooling position is simple in that there is just no capacity to cope with the 200,000 plus black children thrown out of primary schools by guerrilla action. There is some limited capacity in white schools but throwing open the existing schools to all races in white areas would merely create a chaotic situation without providing a significant increase in the number of school places. Accordingly, any programme in respect of both schools and hospitals would have to include a substantial increase in schooling and hospital fees to ration places and beds.

The position is equally difficult in regard to the military call-up. Black students and senior school-leavers have demonstrated bitterly against the call-up claiming that they are unwilling to fight for the transitional government against "the boys in the bush."

In a separate development combined operations headquarters today announced that six blacks had been injured—one of them seriously—when a hand grenade was thrown into a beer-hall in Salisbury's Glen Norah African township.

Japan and China could settle treaty terms soon

BY ROBERT WOOD

TOKYO, August 7.

MR. SUNAO SONODA, the Japanese Foreign Minister, hopes to complete negotiations for a peace and friendship treaty between Japan and China in the next few days.

Lower-level Japanese and Chinese negotiators have considerably narrowed differences over two controversial proposed clauses in the treaty, but there is still significant disagreement between them.

China demands a clause stating that both countries oppose the attempt of any country to achieve hegemony in the region. Japan, fearing to offend the Soviet Union, refuses to approve such a clause unless the treaty contains an additional clause stating that it is not aimed at any specific third country.

Since the Chinese certainly do mean the Soviet Union in their

statement of opposition to hegemony, they are reluctant to accede to the Japanese proposal in working-level talks last week, the two sides agreed that the treaty would include an "anti-hegemony clause," but also some kind of clause minimising the treaty's implications for a third country or countries.

The negotiations now centre on what the second clause will say. They were complicated on Sunday when a Chinese official told Japanese reporters the contents of China's version of the clause; but Mr. Takeo Fukuda, the Prime Minister, formally decided to send Mr. Sonoda to Peking anyway.

The Japanese version of the proposed clause says: "This treaty is not directed at any particular third country. The Chinese version formally decided to strengthen and develop the two countries' friendly relations

on the basis of this treaty are not directed against a third country." (Countries—the singular and plural in Oriental languages are the same.)

The Chinese side was reported anxious to change the phrase "any particular third country" in the Japanese version to simply "a third country."

Japan is vulnerable to Soviet pressure because its fishing fleet depends on catches within the Russian 200-mile fishing zone, and because the Soviet Union bases a vast navy just north-west of the Japanese islands. In an action believed related to the treaty talks in Peking, the Russians indicated today that they would withhold signing an agreement on joint venture crab fishing. The decision meant that the Japanese fishermen in at least part of the Russian zone this summer would probably be impossible.

Death toll rises in new Beirut fighting

BY HANAN HAJAZI

BEIRUT, August 7.

THE fierce clashes here last night between Syrian troops of the Arab peace-keeping force and Christian militiamen have reached a new degree of intensity in urban warfare.

Both sides brought in reinforcements and pounded each other's strategic positions, while civilians were caught in the middle.

For the first time, Syrian troops fired flares to pin point Christian positions. The offices of the Phalangist Party and the National Liberal Party were the main targets in the Syrian rocket and artillery attacks. The transmitter of the Phalangist "Radio Voice of Lebanon" received a direct hit which put it out of action until this morning.

When it came back on the air, the radio said that as many as 60 people were killed and 220 wounded in the night-long fighting.

In the artillery exchanges in the predominantly Christian quarters of East Beirut, the militias pounded Syrian troops entrenched at Rizk Tower—an unfinished skyscraper with a commanding view of the eastern quarters.

Newspapers today carried photographs of the firing on and from the tower, located at the district of Ashrafyah.

Reports in the Press said the Phalangists had brought reinforcements into Ashrafyah during the past two days, and set up additional armament emplacements with the aim of trying to dislodge the Syrians from the Christian areas.

Prisoners. So far, by no means all the opposition groups have been drawn into the reconciliation and there remains exiles and training guerrillas in camps in Ethiopia and Libya.

One factor which may have led to Mr. Sadiq's decision to move closer to the regime is the fact that Sudan faces a very severe economic crisis. Short-term problems have been aggravated by the devaluation of the Sudanese currency by an effective 20 per cent, which has led to unpopular price rises and shortages, though it has helped pave the way towards an agreement with the International Monetary Fund.

The Institute said it believes current policies are leading to a resurgence in inflation.

Turning to its forecasts for the fiscal year 1978-79, the Institute said they are based on the assumption of unchanged tax rates and a small decline in total government outlays in the August 15 budget, consistent with a \$38.3bn deficit. In 1977-78 there was a \$31.3bn deficit.

Given other policies are unchanged, a renewed weakening in demand and output is likely in the first half of 1979 as the effect of last February's income-tax cuts and the 40 per cent investment allowance (reduced to 20 per cent on July 1) wear off and the deflationary effect of the money supply growth and public spending cuts are felt.

The Institute forecast a decline in real non-farm gross domestic product growth to 2.4 per cent in 1978-79 from an estimated 2.8 per cent in 1977-78.

It also forecast a growth in the number of registered unemployed to nearly 500,000, on its own seasonal adjustment, in the last quarter of 1978-79.

This compared with actual registered unemployed of 394,000 at the end of June. It expects rises in health, meat and petroleum prices to arrest the slowing down in the inflation rate, but it will start to fall again as 1979 progresses if restrictive policies continue.

The Institute forecast a 7.4 per cent rise in the consumer price index in 1978-79 against a 7.9 per cent rise in 1977-78 and 13.4 per cent in 1976-77.

Turning to external factors, the Institute forecast subdued exports and higher imports, due to a shift in the composition of domestic demand in import-intensive categories such as equipment of a second atmosphere and favourable conditions, neither of which existed at present. "The Vietnamese side has stepped up, instead of halting, its persecution and

expulsion of Chinese residents," the agency said.

The agency added that hundreds of Chinese residents of Haiphong, Ho Chi Minh City and Quang Ninh province have been herded to border crossing points. More than 700 Chinese were stranded on a bridge at Tungshing, unable to cross into China or to retreat into Vietnam. Although China has tightened border controls and refuses to admit refugees without consulate documents, the agency blamed Vietnamese obstruction for the refugees' plight.

Kwang Pi and his subordinates were arrested on July 5. The same day an announcement was made to the effect that of the 70,000 citizens in the district, 40,000 were traitors who had

collaborated with the CIA and conspired to prevent the new Lon Nol soldiers and agents of Thailand and Vietnam. Refugees from other co-operatives in the same district confirm this declaration.

Kwang Pi said he managed to take advantage of a fracas some days later to escape to Thailand on July 12 where the Thai have jailed him as protection from the revenge of many of his former comrades who have also crossed the border.

Kwang Pi says that a cadre of "true Communists" was brought in to replace him and his subordinates in nine husband and wife teams. They would extend the Khmer Rouge's direct control over local administration down to 300-family subdivision of the co-operative.

Other refugees report that new co-operative rulers, brought in between May and June, were far stricter and for the most part came from the province of Kompong Chhnang, just north of Phnom Penh. Some observers believe the Kampuchean Communist Party has been nurturing new generation of party cadres

in schools located around Phnom Penh.

The new refugees reports anecdotal with Khmer Rouge patrols within a few miles of the Thai frontier.

Two Khmer Rouge regulars who defected recently from the 300-man battalion patrolling that stretch of the border said that about a third of their unit, "the fittest and those with revolutionary fighting experience," had been transferred to the Vietnamese front since fighting there escalated in mid-June.

There are other signs that Cambodia's defence force of 8,000 along the Thai border has been depleted over the past two months, mainly by running down rather than by transferring main units. That offers little relief for those fleeing to Thailand, since the frequency of patrols has probably been increased to offset the diminishing numbers.

More than 350 Cambodian refugees have gathered over the past fortnight at Ta Phraya district police station in Thailand, about a day's walk west of Thum Pock. This figure com-

Fraser sacks senior minister

By Our Own Correspondent

CANBERRA, August 7.

THE Australian Prime Minister, Mr. Malcolm Fraser, has been forced to dismiss one of his most senior ministers following a scandal over electoral boundaries.

Mr. Fraser notified the Governor-General, Sir Zelman Cowen, tonight of his decision to dismiss Senator Reginald Withers—the Minister for Administrative Services, Government leader in the Senate, and a five-ranking member of Cabinet.

The decision, which has produced angry mutterings among Government backbenchers who support Senator Withers, followed a Royal Commission report on allegations of impropriety in the redrawing of electorates in Queensland last year.

The report, due to be made public today, is understood to conclude that Senator Withers, whose portfolio involves responsibility for the electoral office, improperly intervened to have the proposed name of an electorate altered.

Despite opposition from a number of senior ministers who argued at a special cabinet meeting today that Senator Withers had done nothing illegal, Mr. Fraser insisted that the Royal Commission's findings must be upheld.

The issue, which is the most serious political crisis since Mr. Fraser came to office at the end of 1975, will provide the Labor opposition with ammunition for a full-scale attack when parliament resumes next Tuesday after a two-day winter recess.

The Royal Commission was set up in April as a result of allegations by Mr. Donald Cameron, then deputy Government whip in the House of Representatives, against another minister—Mr. Eric Robinson, the Finance Minister, who has been cleared of impropriety in the report.

Mrs Gandhi to defy ban

By K. K. Sharma

NEW DELHI, August 7.

MRS. INDIRA GANDHI has decided to organise a "save India day" on Wednesday throughout the country. Although this is meant to take the form of peaceful demonstrations against "Janata misrule," an outbreak of violence is feared.

This is because many state governments have decided to ban demonstrations and Mrs. Gandhi's Congress Party plans to defy such orders. The former Prime Minister is likely to lead a procession to Parliament in New Delhi. The authorities are planning measures to forestall violence.

It is intended to present a petition against the Janata Government to the President and Parliament. Similar petitions will be presented to the authorities in state capitals and district headquarters.

Khmer Rouge soldiers moved into the Thma Pock district centre, arrested the five-man village committee, and began to put out to the 15 co-operatives under the district's jurisdiction.

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Stoppage threatens New York newspapers

By John Wyles

NEW YORK, August 7.

A NEW THREAT to the production of New York City's daily newspapers is being posed by the Pressmen's Union, whose leaders warn that they may call a strike from tomorrow night.

The pressmen's contract expired at the end of last March, as did those of eight other unions. During protracted negotiations the city's newspaper publishers' association warned that revising working rules would be posted tomorrow unless agreement was reached on a new contract. Although negotiations are resuming this afternoon in the presence of a federal mediator, there are slim hopes of avoiding a stoppage by the men who work the printing machines.

At a weekend meeting the pressmen employed by the New York Times, the Daily News and the New York Post authorised strike action and union leaders warned later that imposition of new rules would result in an immediate stoppage.

All three newspapers are keen to reduce press room manning which, according to the New York Post today, is about twice as high as necessary. Many jobs are being superseded since the introduction of new printing technology. The New York Times switched over to cold metal printing early in July. It now uses a plastic printing plate, weighing three-quarters of an ounce, instead of the 25-40 pound lead plate traditionally used.

Both the Daily News and the New York Post have dispensed with hot metal production and both plan to switch to the light-weight plastic plate over the next few months. This will further reduce manning requirements in the press room.

Negotiations with the pressmen have so dominated management that with the exception of the Daily News journalists, none of the contracts due for renegotiation this year have yet been signed. Even if a settlement with the pressmen is reached, the newspapers desire to reach a new deal on new production methods means that they face a tough road to peace.

Mr. Joseph Tyndall, acting secretary-general of the Caribbean Community, has been appointed to replace Mr. King as Trade and Consumer Protection Minister. Mr. Burnham said Mr. King was not involved in the alleged irregularities, but had resigned because he was embarrassed and felt it could reflect on the Government.

Mr. Burnham acknowledged that the imports ceiling was tough. With the value of imports expected to rise 10 per cent, it

Some 27 paper mills on the west coast of the U.S. have been shut since a pay dispute which is threatening newspaper supplies. Any settlement will clearly breach the Carter Administration's anti-inflation policy.

Most of the 12 west coast paper companies have been shut since strikes since mid-July following failure to agree a new contract with the Association of Western Pulp and Paper Workers. The Administration's inflation fighters intervened over two months ago when it became clear that any settlement would not fall within the guidelines for slowing the rate of pay increases, but their efforts have so far failed to persuade the union to moderate its demands.

Several mills operated by Crown Zellerbach were closed by strikes over the weekend after union negotiators turned down 10 per cent pay rises in the first year of a proposed two-year contract and 10 per cent in the second.

American Can Company which gives 10.5 per cent increases in the first year and 10.5 per cent in the second year of the contract appears to have been selected as the union pawns.

The paper companies have already cut supplies of newsprint to customers and west coast newspapers are starting to reduce circulation. Supplies of tissue papers are also coming under pressure and prices of both categories of paper are expected to rise sharply later this year.

West coast mills account for 11 per cent of total U.S. paper production and 24 per cent of newsprint output. Settlement of union claims has been complicated by inter-union rivalry.

According to the 17-member advisory Board, the case for

managing local weather is very strong. "Economic benefits are delivered more water where it is wanted—hydro-electric projects, irrigation schemes, industrial activities, etc.—far outweigh the prospective costs."

It also points out that population growth in sunny coastal areas is greatly increasing the number of people at risk from hurricanes and other severe storms.

According to Mr. Cleveland, in 74 nations people with interest at stake have already invested in "cloud-seeding" activities to try to modify or change the weather. In cloud-seeding a mist of very fine crystals is sprayed on to the tops of clouds to encourage them to precipitate their moisture. In the U.S. alone last year clouds were seeded in 88 projects across 23 states.

These figures have been submitted to Congress in response to questions about the federal government's role in changing the weather.

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managing local weather is very strong. "Economic benefits are delivered more water where it is wanted—hydro-electric projects, irrigation schemes, industrial activities, etc.—far outweigh the prospective costs."

Poor performance of nuclear reactors to be investigated

BY DAVID FISLOCK, SCIENCE EDITOR

NEW YORK, August 7.

A JOINT study over the next year of the reliability of one of the best-selling nuclear reactor systems in the world is to be carried out by U.S. General Electric and four of its licensees.

The aim will be to discover which design, manufacturing or operating features are responsible for the poor performance of many power reactors of this type.

Co-operating with U.S. General Electric will be two Japanese licensees, Hitachi and Toshiba, the Swedish group ASEA-Atom, and the Italian group AMN.

According to Dr. Bertram Wolfe, general manager of the U.S. General Electric nuclear energy programmes division at San José, California, the study will try to make better use of the technical resources of the five companies.

The study team of 21 senior engineers will be pin-pointing new components and systems which could improve the overall performance of the plants.

According to U.S. General Electric, there are more than 125 reactors of this type in operation or under construction in 18 countries. The results are to be made available to their operators for use as they see fit.

Studies of electricity systems by the Electric Power Research Institute in California, on behalf of the U.S. electricity supply industry, suggest that virtually all types of plant introduced since the mid-1950s are still in the process of maturing, and have not yet reached a steady state of performance.

This situation, it is now suggested, may be the reason why smaller plants appear to offer a better performance—plant size has escalated very rapidly since the mid-1950s in the quest for economies of scale.

The research institute has therefore said that the answer may lie in seeking those factors which might accelerate the maturing of the technology.

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Inching back to democracy

By Sarita Kendall in Quito

AS THE Ecuadorian Electoral Tribunal continues the official count of votes in the first round of the presidential election, held last month, confusion, irregularities and accusations of fraud threaten the election and a return to civilian rule.

No cases of fraud have been proven, but the failure of some provincial authorities to follow the procedure ordered by the Tribunal has led to annullment. The votes from the whole of Cotacachi province and several other areas have been cancelled causing consternation and claims of deliberate sabotage.

But the military Government has repeated assurances that the result will be respected and the Tribunal has promised to hold new elections in areas of cancellations, if these affect the outcome.

The lead of the winner, Sr. Jaime Roldos, is not likely to be changed by the recount, but the main Right-wing candidate, Sr. Sixto Durán Ballón, had an advantage of only 19,000 over the Liberal, Sr. Raúl Clemente Mera, for second place after the unofficial tally of 90 per cent of the vote. Sr. Durán Ballón and Sr. Clemente Mera are both claiming second place, and the consequent right to run against Sr. Roldos in the second round, which will have to be postponed to the end of the year because of counting speeds up considerably.

By giving Sr. Roldos of the Popular Forces movement a clear majority in the first round, Ecuadorians have supported a man who emphasised throughout his campaign the need for social change. But Sr. Roldos, who is expected to take the presidency, if the second round is fairly fought, would inherit an economy which would allow him limited resources for meeting this challenge.

Conservative groups have already begun to attack Sr. Roldos's victory with a campaign to win him as an extremist, while the Marxist Left accuses him of rapid reformism. Unfairly referred to only as a populist, he is in fact an intellectual with a highly coherent speaking style but little administrative experience. During a recent news conference, the 38-year-old law professor denounced the Right's manoeuvres to try to create the climate for another military coup d'état by fostering rumours designed to produce economic chaos.

Sr. Roldos, who took over the Popular Forces movement from Sr. Assad-Bucaram was barred by the military Government through the device of invoking his Lebanese origins, is often accused of being a puppet for the old populist leader from the port city of Guayaquil. But the persona of the younger man has taken on a new force since his electoral triumph, and his insistence that "Roldos elected means Roldos president" now carries conviction. Popular Forces supporters agree that Sr. Bucaram would be most unlikely to get an important post in a Roldos government, but will continue as party chief. Any hint of intentions to the contrary would considerably reduce the chances of Sr. Roldos taking over from the military.

Despite the attacks of conservative financial sectors, Sr. Roldos has always held the private sector must have security—this security by paying taxes and obeying Ecuadorian laws.

A tax reform would raise direct taxes on higher income groups, control tax evasion and introduce a wealth tax, to provide sufficient income so as to make unnecessary the recent practice of borrowing abroad to finance the budget. Political reforms would place special importance on increasing opportunities for participation in government and political structures, to reflect the spirit of the new constitution which is to come into effect when the civilian president takes power.

The Christian Democrat, Sr. Oswaldo Hurtado, the 39-year-old lawyer, and several senators, including the Roldos's uncle, say his first priority as vice-president will be to set up the development council and produce a national plan. Agrarian reform, educational reform and administrative decentralisation must be crucial elements in the plan.

The Ecuadorian foreign debt, excluding military commitments, is likely to exceed \$1.5bn by the end of the year, and the economy is dropping as external reserves are depleted. Imports, including food products, have increased in the same period, and the trade surplus has been whittled away. Although Ecuador is exporting some refined oil products this year, and sales of crude oil are only slightly down in value compared with those of 1977, dwindling reserves make it unrealistic to rely on oil to finance national development in the medium-term.

Economic growth, particularly in industry, remained relatively strong last year nearly 7 per cent. But, as the Central Bank managed said recently, income has not come to benefit the majority of Ecuadorians. A spate of price rises and an annual inflation rate of 14 per cent have provided demands for wage increases. With expectations high, the next Government will be forced into a delicate balancing act.

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WORLD TRADE NEWS

U.S. to launch major export promotion in Japan

BY ROBERT WOOD

TOKYO, August 7.

JAPAN, in facing a "Hobson's choice" between encouraging its own exporters to compete in the U.S. market, or allowing foreign goods to flood the market, has chosen to encourage entry of foreign goods, Mr. Frank Weil, the U.S. Assistant Secretary of Commerce for Japan, said here today.

She has created the domestic political will to dismantle non-tariff barriers and aid foreign exporters, he said. The U.S. is planning the largest export promotion mission in its history this October. One hundred and twenty businessmen, led by Mr. Mark Shepherd, president of Texas Instruments, and planners for the U.S. mission, will be sent to Japan. He hoped for some decline by the end of the year, but this depended on the extent to which businessmen passed on the price changes which the higher yen had produced. Mr. Weil said the U.S. had accepted that it will take a number of years before U.S./Japan trade begins to reach equilibrium.

Mr. Weil was in Japan to meet Japanese officials and the Trade Facilitation Committee, a group of Japanese and American businessmen and officials formed to reduce import barriers. He said Mr. Weil, although he would not

Saudi crude oil deal for Sudan

By Alan Darby

KHARTOUM, August 7.

SAUDI ARABIA is to provide Sudan with a year's supply of crude oil financed by a soft loan.

Sudan spends about \$175m a year on oil supplies from Iraq, the previous supplier. Because of Sudan's shortage of foreign currency payments to Iraq have recently been delayed, resulting in Iraq cutting off supplies. In addition to easing Sudan's immediate balance of payments difficulties, a regular supply of crude oil will overcome a problem which has increasingly been causing the Sudanese economy to run down.

Even with a regular supply of crude oil to the refinery at Port Sudan on the Red Sea, Sudan still faces a distribution problem. The 821 km port Sudan-Khartoum pipeline, built a year ago with a 17m Kuwaiti dollar loan, is operating at about 60 per cent capacity because of a problem in one of the pumps.

The past two weeks have seen the worst petrol and aviation fuel crisis Khartoum has known. For several days there were few vehicles on the streets.

The cause of the fuel shortages was a combination of lack of crude, a shut down at the refinery, feeding problems with the pipeline and finally washouts on the railway line in the Red Sea Hills.

India's long expected textile policy aims to create more jobs

BY K. K. SHARMA

NEW DELHI, August 7.

MR. GEORGE FERNANDES, the Indian Minister for Industry, has announced a new integrated textile policy which will limit further expansion of the Indian textile industry — the largest industrial sector in the country — to small scale operations and handlooms, with the aim of creating new employment.

In terms of the long-awaited policy, no further weaving capacity is to be allowed in cotton mills except that resulting from modernisation.

The public sector National Textile Corporation, which operates 103 nationalised cotton mills, has a key role. It will produce a major share of the 400m sq m of "controlled cloth" (coarse for poorer sections of the population) which is the maximum limit for the mill sector.

After earmarking the share of production of "controlled cloth" for the Corporation, contracts for production of the remaining quantity will be given to private sector mills on the basis of competitive bids and they will be required to sell it at a price not exceeding the cost at which the Corporation manufactures the cloth.

The policy says that after phasing out mill-made "controlled cloth" subsidies will be available only for handloom and homespun cloth. Handlooms take pride of place overall — in reservation of spindle capacity for meeting its yarn needs, reservation of items in cotton textiles

and its role in meeting the needs of the poorer sections of the population.

Powerloom capacity is also not to be allowed to increase and legislation is to be passed to give this statutory force. Existing unauthorised powerlooms will be regularised and registered "on payment of a deterrent penalty."

To protect the interests of cotton growers, the policy says production of cotton would be increased through improvements in yields by provision of irrigation and other essential inputs.

The objective is to achieve self-sufficiency in cotton production. The public sector Cotton Corporation of India is to be asked to stabilise prices by operating a buffer stock to be built up from domestic surpluses in comfortable years and through imports to the extent necessary. The

businessmen.

Request for more control

TAIPEI, August 7.

CITING AN ever-expanding deficit in its textile trade, the U.S. has asked its four major Asian supplying countries to exercise tighter export controls and called on them to allow more imports of U.S. textiles.

Mr. Michael Smith, the chief U.S. negotiator, announced the request after negotiating a compromise agreement with Taiwan adjusting its textile quotas. The likely widening to \$50m this year

Taiwan's large shipments of sweaters.

Besides Taiwan, Mr. Smith said Japan, South Korea and Hong Kong were notified in recent textile talks that they must tighten their export controls. Despite export quotas, he said, textile shipments to the U.S. increased sharply both in quantity and value in the past six months. The U.S. trade deficit in textiles is likely to widen to \$50m this year

AP-DJ.

Bulova completes Swiss move

NEW YORK, August 7.

BULOVA WATCH is to move its watch movement manufacturing operations from New York City to Switzerland.

Company Chairman Mr. Sol Flick said here that the move is the final step of a programme begun several years ago to concentrate Bulova's watch movement production at its Swiss plant in Biel. He said there would be some savings in labour costs, but the major financial advantage would be gained by having one plant operate at full capacity rather than two at lesser capacities.

The U.S. subsidiary of Brown, Boveri, of Switzerland, has received orders valued at a total of \$100m to supply turbine generators to electric utilities in Tampa, Florida, and in Trinidad, Semipole Electric Co-operative, 620,000 kilowatt steam turbine generators for a new coal-fired plant. The first unit would begin operation in the spring of 1983 and the second two years later. They will be built by a Brown Boveri affiliate in West Germany.

Meanwhile the Trinidad and Tobago Electricity Commission has ordered four combustion turbine generators with a combined rating of 250,000 kilowatts to be installed in a new generating plant to be completed in 18 months in the Point Lisas industrial area. This equipment will be built in St. Cloud, Minnesota, by a unit of Brown Boveri corporation.

Agencies

Bonn China trade boost

BONN, August 7.

WEST GERMANY'S trade with China and East Europe rose steeply in the first half of this year, according to provisional trade figures published by the Economics Ministry today. Imports from these countries amounted to DM 5.5bn (\$2.5bn) or 4.8 per cent of West Germany's total imports. West Germany's exports to these countries rose to DM 4.7bn (\$2.1bn) or 3.2 per cent of its total exports to Communist countries. The report said West German exports to China increased by

97.2 per cent to DM 990m (\$425m) compared with the first six months of 1977. Imports from China rose by 18 per cent to DM 2.1bn (\$950m). Imports from Comecon and East Europe rose by 11.7 per cent to DM 3.4bn (\$1.5bn). Exports to these countries increased by 10.2 per cent.

Imports from the Soviet Union went up by 24 per cent to DM 2.4bn (\$1.1bn). While West German exports to the Soviet Union fell by 14.2 per cent to DM 3.3bn (\$1.5bn).

Reuter

Plessey Brazil contract

BY SUE BRANFORD

SAO PAULO, August 7.

WITHIN A few days, Plessey of Britain is to announce the signing of a \$5m contract with Telecommunications de Sao Paulo (Telecom) to supply 25,000-30,000 crossbar telephone lines for several towns in the state. Bidding was known to have been pulled out of the telecommunications sector because of problems of idle capacity experienced at present by all manufacturers of this type of equipment.

This is the largest contract in the telecommunications sector worth that Plessey has won for some time. It is for a computer-aided system of traffic control for 400 crossings in the state of Sao Paulo. City of Rio de Janeiro de Telecom. Announced in June of this year, the telephone exchange is the biggest order of its kind in the third petrochemical pole in the world. The cableless link in Porto Alegre. In July of this year, it won an order for 7,800 lines for the town of Tuija in Colombia. Sr. Paulo Mariano, president of Telecom, said that Plessey of Brazil, said that his company has an excellent chance of winning a further contract in Colombia, which is being judged at the moment. A few years ago, Plessey of Brazil, along with other com-

Alitalia Airbus options

FINANCIAL TIMES REPORTER

ALITALIA HAS negotiated with Airbus Industrie an option for the purchase of four A300/B4 aircraft which could join its fleet in the 1980s. A spokesman for the Italian State airline said that the agreement was within the framework of a decision that the company would have to take at the end of this year when a new long-term plan regarding the updating of its fleet would be submitted to the Italian authorities.

Among the various alternatives of the plan currently under study and which would be the basis of the company's proposals, the Airbus stood out as one of the more attractive solutions both from the technical and economic point of view, the spokesman added.

The agreement will allow Alitalia to operate the four aircraft starting in 1980 provided that the decision planned by the airline has been taken by the end of this year.

Dutch maintain low fares

BY CHARLES BAYCHELON

AMSTERDAM, August 7.

HOLLAND WILL continue its experiment of allowing low-fare transatlantic flights for a month longer than originally planned. This will allow airlines to offer cheap tickets on their complete summer schedules instead of putting an early end to this facility.

The low-fare experiment will now run until October 15 instead of September 15, the Transport Ministry said. The Ministry has not yet decided whether it will allow a repeat of the cheaper fares next year. The experiment has not

been without its problems with large queues building up at both Amsterdam and Boston airports in response to a cheap fare offer from the U.S. airline, PanAm. The one month extension does not imply satisfaction with the way things have gone up to now and a decision will only be taken after the end of the trial period. Reuter adds from Manila: A Philippines company, British Islander air, said today it would start exporting to Europe and Southeast Asia late next year.

Pipe plant for Saudi Arabia

SUMITOMO Metal Industries says it has established a joint venture company — The National Pipe Company — in Saudi Arabia to make large-calibre steel pipes for oil and gas pipelines. From 1981, reports Reuter from Osaka. Capitalised at 50m Riyals, the company is 51 per cent owned by Saudi Arabian interests including the Aljazeera Group of companies and 49 per cent by Sumitomo. The new company will build a 14 ft by 50,000 lb a year steel piping plant in Dammam on Saudi Arabia's east coast. Half the cost will be financed by Saudi Arabia's Industrial Development Fund, Sumitomo said. Reuter.

Steel complex for Venezuela

PRESIDENT Carlos Andres Perez has promulgated a law authorising the establishment of a plant steel complex near Lake Maracaibo which will permit heavy foreign investment, reports AP-DJ from Caracas. The law calls for investment of \$3.5bn until 1985 in steel and other industrial projects. The focus of these programmes is a \$2.5bn plant which will turn out 125m tons of steel a year by 1985. The coal will come from mines in Zulia and the iron will be brought from Bolivar State in south-eastern Venezuela.



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LEGAL NOTICES

In the HIGH COURT OF JUSTICE, Chancery Division Companies Court, in the Matter of: **COLLIER TRANSPORT LIMITED** No. 002375 of 1978

NOTICE IS HEREBY GIVEN that the Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 23rd day of July 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of Kine's Beam House, 38-41, Mark Lane, London EC3R 7RE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 8th day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Companies requiring such copy on payment of the regulated charge for the same.

C. F. GLOAG,
Kine's Beam House,
38-41, Mark Lane,
London EC3R 7RE,
Solicitor for the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice not later than 4 o'clock in the afternoon of the 6th day of October 1978.

No. 002383 of 1978

In the HIGH COURT OF JUSTICE, Chancery Division Companies Court, in the Matter of: **COLLIER TRANSPORT LIMITED** No. 002383 of 1978

NOTICE IS HEREBY GIVEN that the Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 24th day of July 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of Kine's Beam House, 38-41, Mark Lane, London EC3R 7RE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 8th day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Companies requiring such copy on payment of the regulated charge for the same.

C. F. GLOAG,
Kine's Beam House,
38-41, Mark Lane,
London EC3R 7RE,
Solicitor for the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice not later than 4 o'clock in the afternoon of the 6th day of October 1978.

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10 Cannon Street, EC4A 4BY

APPOINTMENTS

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LABOUR NEWS

Industrial civil servants seek flexible pay

BY PHILIP BASSETT, LABOUR STAFF

TRADE UNION negotiators for 183,000 industrial civil servants yesterday requested a meeting over pay with senior Cabinet Ministers after the Civil Service Department had put forward its third offer under the Government's Stage Three guidelines.

Union leaders on the industrial civil servants' Joint Co-ordinating Committee are hoping for flexibility in application of the 10 per cent limit and for some sort of forward commitment on pay similar to that given to the firemen and the police.

The official side offered to consolidate the £6 Phase One supplement and £3.50 of the Phase Two supplement into basic rates of pay, and then increase basic rates by 3 per cent, which would raise basic pay for the lowest grade, 23,460 workers, from £32.50 to £44.69.

50% offer

Craft and supervisory allowances, payable when craftsmen or supervisory staff take on work not normally done by their grades, would be raised under the offer by 50 per cent. Current allowances are £2, £3, £4 and £6 depending on the nature of the work, supervisory allowances £3.25 for chargehands and £5.50 for foremen.

Some 30,000 low-pay workers would get additional increases of between £1 and £2 a week.

Official-side negotiators made it clear that the offer, which was withdrawn when the trade union side requested to meet Ministers, represented the furthest the Government could go.

Two weeks ago general secretaries from 11 unions involved in the claim, which is for "substantial" increases in pay, plus consolidation and a commitment on comparisons with private industries, met Ministers and obtained an assurance that the 10 per cent policy would not be rigidly applied to industrial civil servants than to any other comparable group.

Mr. Peter Adam, chairman of the trade union side, said after yesterday's meeting that they believed the 10 per cent limit was in fact being applied more rigidly to the Government's blue-collar workers.

His side would be seeking a meeting with Mr. Denis Healey, Chancellor, and Mr. Albert Booth, Employment Secretary, to try to persuade them to be more flexible within the guidelines. No date for the meeting has yet been set.

Shop stewards representing 6,000 industrial civil servants in London will meet today to discuss industrial action to achieve the national pay claim. Yesterday's talks were held by hundreds of Government workers.

About 300 drivers employed by the Metropolitan Police held a 24-hour strike yesterday in support of the claim. The Civil Service union which represents staff for firms in development areas, which was abolished at the beginning of last year.

Mr. George Wright, general secretary of the Wales TUC, said it was felt that the new measures, introduced after REP was abolished, were not effective enough in reducing unemployment or in attracting new investment from abroad.

He added: "We have been talking about some form of sliding scale, or of topping up, with increased grants for firms in assisted areas who take on more workers than their normal quota."

Mr. Wright also felt there should be forward advances of

Fitters' 47% pay claim challenges Stage Four

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT faces the first challenge to its Stage Four 3 per cent wages guidelines from 18,000 heating ventilation engineers, who have submitted a claim for increases in basic rates of pay amounting to 47 per cent for the lowest grades.

Progress of the claim will be closely watched by union representatives of 30,000 plumbers, whose own pay claim is under negotiation. Rise for both groups are usually closely linked.

The 18,000 engineers, who are represented by the National Union of Sheet Metal Workers, are directly governed by a national agreement with the Heating and Ventilating Contractors' Association. Up to 12,000 other heating engineers, in

concern not solely concerned with heating and ventilation, generally have their pay regulated by the terms of the national agreement.

The claim tabled by the sheet metal workers' union is now being studied by the Government's White Paper on pay, *Winning the Battle Against Inflation*.

The claim calls for rises of 47 per cent in basic pay of fitters from the current £12.25 per hour to £18.50. Fitters make up 28 per cent of all the workers covered by the graded pay structure of the national agreement. Current hourly basic rates, excluding bonus payments, are: fitters £12.25, advanced fitters £13.25, chargehands £15.1, foremen £15.7.

Union officials say that many skilled workers have been forced out of the industry by its rates of pay, and feel that to pay £18.50 for the fitter is the only way the drift can be halted.

The heating and ventilation engineers are an important early test of how far the Government's pay policy will stick. Their settlement date is August 2, only days after a pay policy comes into force.

There is unlikely to be a rush to settle. The employers must time to consider the provisions for flexibility under the White Paper, and the unions are seen in a commitment to back any settlement.

Scottish and Welsh TUCs to re-examine regional aid

BY RAY FERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT could come under renewed pressure from the Scottish and Welsh TUCs to re-examine the system of regional incentives to industry.

The two bodies, which are to meet later this week, are particularly unhappy about the substitutes for the regional employment premium—payroll aid for firms in development areas, which was abolished at the beginning of last year.

Mr. George Wright, general secretary of the Wales TUC, said it was felt that the new measures, introduced after REP was abolished, were not effective enough in reducing unemployment or in attracting new investment from abroad.

He added: "We have been talking about some form of sliding scale, or of topping up, with increased grants for firms in assisted areas who take on more workers than their normal quota."

Mr. Wright also felt there should be forward advances of

cash to help small companies with cash flow problems. "If we can come to a common view on this, then, with a general election coming up, we are in a position to press that view on the Government."

The meeting will also discuss devolution, especially the referendum to be held in Scotland and Wales. The Welsh TUC is concerned that the 40 per cent proviso inserted into the devolution Acts by opponents of the

scheme could prevent an assembly being set up in Cardiff. "We regard it as crucial that we should work out our approach well in advance of the referendum," Mr. Wright said.

"We can save ourselves a lot of money if we pool our ideas and work together. We can also begin to campaign effectively within England to explain to people what we are doing and why we want devolution," he declared.

Hull dock action relaxed

DOCK GATE operators at Hull relaxed their strike yesterday for the convenience of about 2,000 holidaymakers.

But the operators at the port's King George and Queen Elizabeth Docks were refusing to open the dock gates to cargo ships, claiming that supervisors staff handled the gates when one of them jammed during their three-day pay parity strike last week.

North Sea Ferries ships from

Rotterdam and Zeebrugge with passengers and cars, were allowed to dock and sail on schedule last night but the gates remained closed to other shipping. A roll-on roll-off freighter discharged at a riverside quay.

There was no sign of a settlement of the unofficial strike at 300 dock maintenance engineers, also over a demand for pay parity with the dockers, now in its second week.

Push to decasualise building industry

BY NICK GARNETT, LABOUR STAFF

A CAMPAIGN on the need to decasualise the building industry and on the benefits of public ownership was launched yesterday by the Union of Construction, Allied Trades and Technicians.

The union, the biggest in building with 320,000 members, also told employers that it might impose sanctions on individual companies if an agreement on a register of employers did not prove satisfactory.

The register is seen by the construction unions as an important aid in trying to stabilise employment, promote fall-back pay and improve working conditions and safety.

About 20,000 copies of a new document, *Building Britain's Future*, the UCTT view, which calls for drastic changes in the way the industry is organised are being issued. Building Britain's Future is the Labour Party document on the industry.

A half a million pamphlets, countering the anti-nationalisation campaign organised by the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors also are being sent out.

The Labour Party document proposes nationalisation of parts of the construction industry, a policy broadly supported by the union. Mr. Les Wood, the union's assistant general secretary

yesterday made particular reference in this context to raw materials supply.

The union's document gives firm backing to the Labour Party's support of local authority direct labour departments.

The union made it clear, however, that it believed Building Britain's Future is in places too weak, particularly over the registration of employers and operators.

A broad measure of agreement has been reached between employers and unions for the voluntary register of employers in civil engineering, building, and for the specialist sub-contractors.

Monitor plea

The union wants the Construction Industry Manpower Board to monitor the voluntary scheme for employers and if, within a year, it is apparent that significant numbers of employers are not registering, it will press the Government to impose a statutory register.

Mr. Wood said that the union members not to work for any employer who did not register under the voluntary scheme. The union document describes the employers' Campaign Against Building Industry Nationalisation as "wretchedly distorted and blinkered."

Leyland toolmen 'forced into new confrontation'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TOOLMAKERS at BL Cars are being forced into a new confrontation with the company's car section in its present form.

The company hopes that pay reforms, now being negotiated with unions, will prevent militant action. Toolmakers would benefit not only from a new grading structure, but also from moves to raise the lower-paid plants to the level of the highest.

The unofficial committee is considering how a strike already under way by 32 toolmakers at S. U. Fuel Systems, Birmingham, a Leyland components factory, can be used to pursue the wider demands.

The factory is important because it supplies carburetors used throughout BL cars. Mr. Fraser will meet leaders of the men today who are demanding the same pay as other Leyland toolmakers in the Birmingham area.

Stocks of carburetors are high, so it will be some time before the dispute begins to have impact.

Pension consultation enforced by Ennals

BY ERIC SHORT

EMPLOYERS now have a legal obligation to consult trade unions before reducing pension benefits. Regulations were laid before Parliament yesterday by Mr. David Ennals, Social Services Secretary.

The regulations require employers to give notice to employees and consult the recognised trade unions about any intended changes to their occupational pension schemes which would reduce benefit

rights, which would change the status of employees regarding contracting out or any other amendment to the rules of the pension scheme.

The Occupational Pension Board, the supervisory body responsible to overseeing company pensions, is given the necessary power to supervise these provisions.

"The Contracting-out and increasing pension provisions (Further Provisions) Regulations 1978, SI 1978, No. 1059, 30. Price 30p

DIDIER-WERKE AG

WIESBADEN, GERMANY

(Refractories and Engineering)

The Annual General Meeting of DIDIER-WERKE AG was held in Wiesbaden on June 28th, 1978, and the following are extracts from the speech of the Chairman of the Board of Management, Dr. Martin Bieneck, and from the report presented by the Board.

Dr. Bieneck reviewed the difficult business year 1977 in which the cumulative effect of adverse factors had made it exceptionally difficult to reach the Company's targets. He referred in particular to the steel crisis which was now in its fourth year, an investment climate that remained uncertain, excessive rises in unit wage costs, further shifts in exchange rates and worrying signs of protectionism with growing problems to exports. Moreover, 1977 had seen a 50% rise in the tax burden on distributed profits on top of taxes unrelated to earnings which in international terms were at an exceedingly high level.

Against this background DIDIER had been unable to avoid a fall in turnover and results although foreign earnings and exceptional items such as the sale of 40% of the share capital of Didier Engineering GmbH, Essen, to Vöest-Alpine, had materially contributed to the Company's figures. The tax-free portion of this capital gain had been used to strengthen the free reserve. The dividend proposed of DM 4 per share would be complemented by a bonus of DM 1 from the not tax-free portion, and German shareholders would also benefit from the usual tax credit, bringing their total income to DM 7.81 per share, a return of 15.8%.

Dr. Bieneck stressed that co-operation with Vöest had become even closer. Although the flow of orders to the Plant Division had shrunk, both because of lagging investment and on account of intensified international competition, there was a number of interesting projects which it was hoped would ensure substantial utilisation of capacity.

As far as the refractories business was concerned, a sector that had steadily expanded since the war, efforts were continuing to maintain this trend by diversifying activities. Foreign business had been stepped up, and an increasing proportion of the product range was now made up of high grade products in order to meet changes in international market conditions and to safeguard the largest possible number of jobs.

Referring to the Group's domestic investments designed

to take account of economic and technological changes, which had amounted to no more than around DM 16m because economic factors had fallen very far short of the original forecasts, Dr. Bieneck foresaw an increase to around DM 20m for the current year. He also welcomed the fact that in 1977 purchases of shares by DIDIER staff had brought the total of shares held by the Company's labour force to 30,000, or approximately 2% of the total share capital. There was every intention of continuing along these lines.

As for 1978, Dr. Bieneck characterized it as another difficult year, marked as it was by the downward revision of official growth forecasts and wage settlements which in no way allowed for the unchanged problems faced by trade and industry. He went on to say that it was the development of the international steel business in the second half of the year that would determine whether the Company would succeed in maintaining its results at the level of the previous year, but he was optimistic about the long-term future. DIDIER, he said, was determined to secure its share of the upturn expected through the closest possible co-operation between manufacturing plants at home and establishments abroad.

The following are details of the Annual Report:

Review
Refractories: The general problems faced by this sector of industry also affected the Refractories Division. Orders declined and production dropped by 16%. Investments totalling DM 16m aimed at rationalisation, improvements in quality and the safeguarding of jobs in those plants where there was competitive international demand. Additional investments designed to keep pace with market developments are being tackled during the current year.

Didier Technik: Both the order book and turnover showed a substantial rise and produced a satisfactory result in this Division, mainly because of major orders from abroad involving new application techniques. The current order book at the end of the year promises full employment and further progress during 1978. In the long run, however, employment will only be secured by adequate investments on the part of the Division's customers.

At the Dinow plant both production and sales had to adjust to new changes in the structure of demand. There was intense price competition in a stagnant market, and strenuous sales efforts invol-

ving high grade newly developed products once again produced encouraging results. Progress is likely to continue through the end of 1977 compared with the current year.

Personnel
The DIDIER labour force continued to fall during the year, with the Company itself losing a total of 5,107, at the end of 1977 compared with 5,417 a year earlier and the Group ending the year with a labour force of 6,103 compared with 6,403 the year before.

Prospects
In the field of refractories the high quality of DIDIER products and the Company's worldwide service should ensure continued success during the current year. The glimmer of hope currently discernible that the steel crisis may have bottomed out encourages hopes of a gradual recovery in the earnings contributed by the refractory business.

Profit and Dividend
Profit for the year, including the balance brought forward of DM 74,393.28, amounted to DM 11,018,809.05, which, after allocation of DM 3,500,000 to the free reserve, left a total of DM 7,518,809.05 available for distribution. It is accordingly proposed to distribute a dividend of DM 4.00 together with a bonus of DM 1.00, amounting to DM 5.00 share, a rate of 10% equivalent to DM 7,443,000 on the share capital of DM 74,430,000 ranking for profit, and to carry forward the resulting balance of DM 75,809.05.

The report, the accounts and the proposals put forward to the Board were adopted.

Supervisory Board (Aufsichtsrat)
Shareholders' Representatives: Dr. Horst Burgard, Königstein/Taunus, Chairman; Dr.-Ing. E.H. Edmüller, Wiesbaden; Dr. Felix Alexander (died 13.4.1977); Heinz Schbach, Hagen; Deputy Chairman: Dr. rer. nat. Helmrich, Frankfurt; Bad. Soeder-Neuenhaus, from 1.1.77; Dr. K.H. Heinz, Niederst-Eschbach; Dr. Felix Alexander, Prenzelsberg; Dr. jur. Wilhelm Winterstein, Munich.

Employees' Representatives: Werner Girke, Göttingen; Kurt Heinzel, Grünstadt; Siegfried Thannhäuser, Duisburg.
Board of Management (Vorstand)
Dipl.-Kfm. Dr. jur. Martin Bieneck, Chairman; Dietrich von Knoop; Dipl.-Ing. Ernst Mahler; Hansgeorg Wende; up to 30.6.1977; Dr.-Ing. Gerhard Reibhardt; from 1.7.1977; Dr.-Ing. Hans Stollenwerk; all in Wiesbaden.

| | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 |
|----------------|------|------|------|------|------|------|------|------|------|------|
| Share Capital | 68.0 | 68.0 | 68.0 | 68.0 | 68.0 | 68.5 | 74.4 | 74.4 | 74.4 | 74.4 |
| Reserves | 39.2 | 39.2 | 39.7 | 41.7 | 41.7 | 42.4 | 51.1 | 54.6 | 58.1 | 58.6 |
| Assets | 55.5 | 61.1 | 68.1 | 68.2 | 62.1 | 60.1 | 67.3 | 72.6 | 73.3 | 68.9 |
| Participations | 48.5 | 52.7 | 56.1 | 52.9 | 57.4 | 52.9 | 54.9 | 55.1 | 59.3 | 53.7 |
| Net Profit | 8.5 | 9.6 | 10.0 | 8.0 | 6.7 | 8.2 | 12.0 | 12.5 | 11.1 | 11.0 |
| Turnover | 490 | 461 | 447 | 419 | 405 | 422 | 571 | 605 | 598 | 583 |
| Group Turnover | 435 | 491 | 519 | 501 | 486 | 496 | 726 | 800 | 783 | 773 |

Copies of the full report can be obtained from Scafar Ltd., 2, The Mall, Ealing, London, W5 2PR.

10

LOMBARD

Undressing in public

BY MICHAEL BLANDEN

STOCK MARKET analysts have almost given up trying to make any sense of the results produced by the big banks. The latest round of half-year figures resulted in general bafflement over the varying treatment given by the individual clearing banks to their provisions for bad and doubtful debts.

Pressure is growing from all sorts of directions for the banks to come clean about the way in which they treat their figures and the amount which is tucked away before profits are published. The Price Commission earlier this year made strenuous efforts to get at the real profits and argued in its final report on bank charges that there should be wider disclosure.

The European Commission is also expected to move towards requiring banks within the Community to open their books to more detailed public examination. Eventually, this could mean not only that the clearing banks would have to show their bad debt provisions, but that institutions such as the UK merchant banks which still maintain hidden reserves will have to open up.

Working party

The London clearing banks have themselves set up a working party to investigate ways of achieving greater disclosure and changes in accounting policy needed to make the accounts of the big four banks more comparable with each other. The idea of disclosure is accepted by a growing number of senior bankers, and it is thought by some that there is a remote chance of agreement being reached in time for full figures to be shown at the end of this year.

The bankers have as much interest as anybody in achieving reasonable comparability between the accounts of different banks. The stock market needs it in order to assess the relative merits of the institutions as investments. The banks themselves need it in making their own decisions on lending to each other through the inter-bank market. The various ratios of capital and resources, of deposits and lending which are calculated from banking balance sheets are becoming of increasing importance in judging the credit-worthiness of the borrower.

There are a couple of ironies in this situation. One is that the clearing banks are supposed to have abandoned secrecy eight years ago, when under pressure they gave up the right to set aside hidden reserves under the 1948 Companies Act.

The results they produced in

1970 threw up nearly £450m of previously concealed resources, together with some substantial property revaluations. Yet the bad debt provisions, and other items such as deferred tax, are now causing almost as much of a problem as the former inner reserves.

The second is that while London bankers are pressing for greater comparability of bank accounts, the London banks are among the least forthcoming in this area. A new company, called IBCA Banking Analysis, has recently been set up to analyse banks' credit risks covering initially six countries outside the U.S. Its first statistical comparison of British banks reached the conclusion that "the general level of disclosure is inferior in the UK to that of other countries we follow."

Hidden reserves

They drew attention to the particular problem presented by the ability of important sections of the UK banking community to maintain hidden reserves. They went on to suggest that as a first step the various categories of banks should try to standardise their accounts.

Furthermore, they argued, substantially more balance sheet and income statement data should be given without imposing any costly burden on the banks or giving away vital competitive information. The prospect of new EEC regulations on disclosure has started to arouse some concern among London bankers, not so much because of the information which would have to be published but because of the form in which it may have to be presented.

They are worried that the Community will try to bring the accounts of the banks within the straitjacket of the rules already established for industrial and commercial companies, with the risk of losing many of the special features needed to understand the banking business.

As things stand at present, though, the amount of information provided by the UK banks is a serious limitation on the ability of any outside analyst to draw sensible conclusions about the quality and the nature of the country and the nature of the banking earnings and assets in the country, or to make any reasonable comparisons between the different sectors of the banking market.

The necessary figures must be there, apart from anything else, the Bank of England in its supervisory role is requiring an increasing amount of detailed information. But the banks have a long way to go before they achieve real comparability of the figures produced in the UK, never mind with other countries.

The aftermath of Annan for sponsorship

THE SPONSORED film industry in Britain has never been a substantial business — it is probably worth a mere £20m per year in turnover. Its influence on industrial affairs nonetheless has been significant at times, and its contribution to the development of the media in general has been of singular importance. The excellence of British television owes much to the pervading influence of the pre-war documentary film movement, which was almost entirely concerned with making sponsored films. Even the contemporary industry is continuing to supply talent to broadcasting as well as to the feature film industry.

Sponsorship thus has been a vital catalyst in the history of British television and the cinema, even though the industry it has remained separate and small. But after 50 years (it really started in 1928, so this year is an anniversary) a major change now looks like taking place, even though very few people in the business are yet aware of it.

The signal for change came two weeks ago with the publication of the White Paper on broadcasting; the Government's response to the Annan Report. As most people now know, the White Paper accepts the Annan recommendation that the fourth television channel should be run by a new Open Broadcasting Authority; and that this new channel will also accept sponsored programmes, indeed pro-

sured programmes, indeed programmes from all sources including BBC and ITV. The White Paper indeed looks to sponsorship to yield (either directly or indirectly) a source of finance for the new channel. Although the details are not spelt out, this is summed up in the Annan—major industrial and financial companies, who now help to finance opera productions or who sponsor sporting events should be able to sponsor (the) television presentation either live or as recorded. The White Paper accepts that this sponsorship shall be acknowledged by the companies "having their names associated with particular productions."

Only last week British American Tobacco suggested that recent criticisms might cause it to withdraw from the sponsorship of sporting events—reportedly worth up to £500,000 per season. The appearance of sponsored names at nationally televised sports events has also generated much controversy in the past, with BBC and ITV threatening to withdraw coverage if the offending names were not obliterated.

It would appear that the new fourth channel will suffer no such inhibitions. Indeed, the White Paper goes further by accepting that spot advertisements will be permitted within programmes—with programme makers even having "the right to sell advertising time during the programmes they supply."

In other words, the OBA will only provide the air space; the programmes (which must be acceptable to the OBA) will be supplied by outside programme makers and/or sponsors. A rental will be charged to programme makers for spot advertisement time included in their material and presumably the producers will gather some

revenue for themselves by loading the cost of this space. This might lead to a situation where programmes could be sponsored but rely only on the advertising spots for commercial messages.

This idea comes very close to the sponsored film industry in Britain whereby 16mm films, and even videocassettes, contain sponsored editorial material and also clearly separated product items or advertisements. Architectural Newsreel, which is shown to architects and planning departments via 16mm screenings all over the UK, is one such example that has been running for many years; the Video Journal of Medicine is a newer one, on videocassettes, aimed at doctors and medical staff. Their survival depends on adequate standards of editorial integrity and content, and industrial sponsors have demon-

strated that they are well able to meet such demands. Until now, such schemes have been strictly limited in their success due to the difficulty and cost involved in reaching appropriate audience groups—either on 16mm film or videocassettes. The sudden availability of a broadcast television channel — whose editorial

criteria should be easily met by the kind of films already being made—may well yield a dramatic transformation in the sponsored film industry. The very concept of the OBA is to cater for tastes and interests which are not adequately catered for on the existing services—so that what has been done already on 16mm film for architects could well mushroom into many other areas of industry and the professions.

Guidelines might be needed to settle when a sponsored film is not a sponsored film but merely an advertising programme. Yet even this battle has been fought already with the BBC and ITV when sponsored documentaries have been submitted to them for consideration: if it is in the general public interest, it may be transmitted—even though the film

may contain shots of the sponsor's products with the name visible. Of course, the film has to be good enough; the competition from material made by the broadcasters themselves is such that the appearance of sponsored films on the box has been an infrequent event.

The arrival of the OBA will now change that, and we could witness an extraordinary boost in demand for documentary film production, including industrial subjects. The Annan Report went further and actually suggested that the CBI and TUC could provide some of the programmes. The White Paper makes no specific reference to this, but clearly the way will be open if only the CBI will grab the chance, which means providing itself with more substantial resources than hitherto for using the media to tell industry's story.

For independent film-makers, the OBA also offers encouragement. With BBC and ITV producing more of their own material, when not buying it in from the U.S., there has been scant commercial outlet for the independently made short film. The alternative outlet, the cinema, offers slightly more opportunity but even less revenue.

The more enterprising independents may now be able to finance their productions by selling advertising spots within them, always provided that

adequate clearance and guarantee of transmission has been given first by the OBA. This could be the means of providing the long-needed support for some sectors of Britain's ailing film industry.

Much will still depend on how the Government or the OBA interpret stated intentions in the White Paper. It could be ominous that the White Paper refers to ITV companies having the capacity to expand production as a potential supplier of OBA programmes—which might be an open invitation for ITV through the back door. As a safeguard the new Authority "will have a special obligation to seek programmes from a wide variety of sources," but in consequence it is reckoned that the Authority also to ensure a "proper balance" in range and variety of subject matter.

The concept of the OBA could lead to a genuine alternative from the drab similarities of the present three channels, with particularly welcome attention to industrial and minority interests. If the concept gets lost in a narrow-minded interpretation of the rules. For that reason alone, the people who run the OBA need to be drawn from a very wide spectrum of society and not merely from the broadcasting establishment. Industry and the trades unions should be thinking about this now, before the door is bolted.

Price colt looks right

THE PRESENCE of that much-vaunted Fladon colt, Boden's Ride, course winner, Bolide, and the highly-rated Noblyos in today's renewal of the Seaton Stakes at Gosforth Park is a considerably stiffer circuit than the Sussex course and it could well be that this is the ideal race for the American bred colt to present.

In taking him to further boost his claims to classic consideration I have healthy respect for Barry Hill's Lambourn challenge. Noblyos who clearly failed to produce his best in the Black Duck Stakes at York recently when he did not enjoy the smoothness of the grass.

A second likely winner for the price and stable jockey Brian Taylor, who has been having a somewhat lean time of it since Goodwood, is the once-raced Salom to Droze. This good-looking grey, son of Droze-out of Santa Rita, a daughter of Cote d'Azur, also ran in the Foxhall, finishing a good sixth. Sure to be all the better for that outing in which he was

when asked to tackle trips where his stamina will count. Although today's seven-furlong race is only a rung longer than that Goodwood race in which he beat Spithard Review, Gosforth Park is a considerably stiffer circuit than the Sussex course and it could well be that this is the ideal race for the American bred colt to present.

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NEWCASTLE
2.30—Warson
3.00—Tina's Gold
3.30—Madame Moss
4.00—Boden's Ride
4.30—Salom to Droze
5.00—Senator Sam

given sympathetic introduction by Willie Carson Salam to Droze ought to have few problems in the Wansbeck Stakes.

A recent string of zeros against her name hardly inspires confidence but I am prepared to take a chance with Madame Moss in the Rede Handicap which precedes the Seaton Delaval. Bill Elsey's Levomos filly, a winner at Cagnes-sur-Mer (subsequently relegated to second place by the stewards) and Maresella in the spring, will have benefited from a recent break from racing and looks weighted to win off 7 at 11 provided that she is back to somewhere near her peak.

That top-class sprinter, Persian Bold, one of the best looking horses in training, appears at Newbury on Friday in the Hungerford Stakes.

RACING
BY DOMINIC WIGAN

group three juvenile event of the season.

Although he did not score in the style of a "world beater" as many had anticipated when opening his account at Goodwood recently Boden's Ride did all that was asked of him and Ryan Price, his trainer, was more than happy.

The maestro of Fladon, who has rated the Grey Dawn II colt a potential Derby winner since late spring, made it clear after the Foxhall Stakes that Boden's Ride will improve tremendously with experience and, particularly,

Report Wm. 4.15 Report Wales. 6.30 Search and Rescue. 7.00 Challenge of the Sea. 7.15 The Outdoors.

10.00 News. 10.10 Decision: British Commonwealth. 10.15 General Service. 10.20-10.25 Extended Goodwood 1978. 10.25-10.30 Persuade News. 10.30-10.35 National Extended of Wales. 10.35-10.40 Challenge of the Sea. 10.40-10.45 Ya V Brivry. 10.45-10.50 Extended Goodwood 1978. 10.50-10.55 Search and Rescue. 10.55-11.00 Ya V Brivry. 11.00-11.05 Ya V Brivry. 11.05-11.10 Ya V Brivry. 11.10-11.15 Ya V Brivry. 11.15-11.20 Ya V Brivry. 11.20-11.25 Ya V Brivry. 11.25-11.30 Ya V Brivry. 11.30-11.35 Ya V Brivry. 11.35-11.40 Ya V Brivry. 11.40-11.45 Ya V Brivry. 11.45-11.50 Ya V Brivry. 11.50-11.55 Ya V Brivry. 11.55-12.00 Ya V Brivry. 12.00-12.05 Ya V Brivry. 12.05-12.10 Ya V Brivry. 12.10-12.15 Ya V Brivry. 12.15-12.20 Ya V Brivry. 12.20-12.25 Ya V Brivry. 12.25-12.30 Ya V Brivry. 12.30-12.35 Ya V Brivry. 12.35-12.40 Ya V Brivry. 12.40-12.45 Ya V Brivry. 12.45-12.50 Ya V Brivry. 12.50-12.55 Ya V Brivry. 12.55-13.00 Ya V Brivry. 13.00-13.05 Ya V Brivry. 13.05-13.10 Ya V Brivry. 13.10-13.15 Ya V 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Tuesday August 8 1978

Prospects for prices

THE DEGREE of success the Government has achieved in bringing inflation under control is bound to play a major part in an election campaign which seems likely to be dominated even more than usual by economic considerations. Even if the election is called for a later date than is now expected, it is evident that the Government is hoping that recent experience of price behaviour will colour expectations about prices in the future and so will have an influence upon the level of wage increases which organised groups of workers will be prepared to settle for in the opening months of the next wage bargaining round. On both scores, therefore, the various price indices which will be published in the next few months will deserve and receive more attention than they might normally enjoy.

Fairly close

The wholesale price figures for July which were published yesterday are reasonably encouraging so far as they go. Manufacturing output prices for the home market, which feed through fairly quickly into the movement of prices in the shops, rose by 3 per cent last month. Excluding the food, drink, and tobacco industries, output prices rose by 1 per cent. The three-monthly basis of comparison suggests that there has been a slight tendency for the rate of increase to accelerate since May. But the change of pace—from an average of 2 per cent in May to one of 2½ per cent last month—may not be significant, and comparisons over longer stretches of time continue to show a favourable trend. The increase in output prices over six months, at 4½ per cent, has remained broadly unchanged since the end of last year, while the increase compared with a year ago has fallen for the twelfth month in succession to 1 per cent.

For the present, therefore, the arguments are not discouraging. The rate of inflation—about 7½ per cent a year—is fairly close to the ruling in other industrial countries and it seems reasonable to expect it to remain at roughly the same level for at least another

couple of months, subject to the accidents of last year's fluctuations in the retail price index and the corresponding variations in this year's comparisons (average retail prices rose by only 0.1 per cent in July last year, for example, whereas this year several factors, including the initial impact of the rise in mortgage rates, may have resulted in a bigger increase).

Various outside forecasters have been suggesting, however, that the rate of inflation could be rising back towards double figures by the end of the year, and the recent slight acceleration in manufacturers' output prices could be taken as providing some early circumstantial support for their warnings. The Confederation of British Industry said last week that industry was unlikely to be able to go on absorbing the present rate of increase in wage costs and the rise in the cost of imported materials which resulted from the fall in sterling earlier this year. A similar point has been made by the Price Commission, whose index of price rises notified by larger companies is regarded as an indication of price trends in the shops up to three to four months ahead.

Strength

In this respect, the latest wholesale price figures are again encouraging so far as they go. The recovery of sterling led to a 3/4 per cent fall in the average cost of manufacturing materials and fuel in July, the first such decline for five months, and the continuing strengths of sterling so far this month raises the hope of a further decline in August. Further ahead, the prospects are more problematical. The sluggish state of world demand seems unlikely to lead to a rise in world commodity prices, but the possibility of a rise in their sterling price is another matter. If average earnings per unit of output do not moderate in the next wages round, the exchange rate could be affected even more quickly than the balance of trade. There would then be a two-fold upward pressure on prices.

The Strasbourg connection

FEW EEC countries apart from Denmark have yet given serious thought to the relations that should exist between their national Parliaments and the European Parliament once it is directly elected next June. In Britain, various proposals have been made, for example that European MPs should be made temporary members of the House of Lords, but the matter is far from settled. In its report on the issue today, the House of Lords Select Committee on the European Communities argues that, with the first poll now under a year away, it is high time for the problem to be more widely ventilated.

Complicated

The Committee is wisely cautious against rushing into complicated or inflexible new procedural arrangements. It expects the more far-reaching suggestions that European MPs should have some form of membership of one or other of the Houses at Westminster. It finds, however, that the case for some kind of link is justified and proposes the formation of a new European Grand Committee composed of all 81 European MPs, all members of the existing Lords and Commons (EEC) Scrutiny Committees and their sub-committees and possibly other Westminster members as well. European MPs, it suggests, should collaborate with the Scrutiny committees, and attend their meetings, though not vote, and a small joint staff secretariat could be established.

A major consideration in the Committee's view is the ending of the present dual mandate system, under which all European MPs are automatically members of their national Parliaments. It fears that single mandate European MPs will become progressively cut off from the mainstream of national politics and, incidentally, damage their career prospects back home. It argues that despite the differing size of their constituencies, Westminster MPs and European MPs will represent the same electors and, on many issues, will have similar aims.

Most directly elected European MPs, unless they are Lords, are unlikely to be members of both Parliaments. That

is a decision which should properly be left to the individual MP, and his electorate, to decide. In practice, however, the Labour Party wants to ban the dual mandate and the Conservatives are discouraging it. But that does not establish the case for a formal link between the two Parliaments. Most of the objectives that the Lords Committee is trying to achieve, especially that of keeping European MPs in touch with events back home, can perfectly well be achieved by individual MPs who presumably will want to ensure their re-election.

As the committee's report points out, in a different context, there is going to be a great deal of time pressure. Last year, for example, there were only two weeks in the British Parliamentary year in which there were no concurrent meetings of the European Parliament, or of its committees or groups. The directly elected Parliament is likely to meet even more often. If direct elections are to be a success, European MPs must be able to devote themselves as fully as possible to the new Parliament without feeling that they have to be constantly looking over their shoulder at their colleagues back home, although there is no reason why they should not occasionally give evidence to Select Committees. The whole point of the change to direct elections, after all, is to make the Community more democratic by creating a new class of European Parliamentary watchdogs directly responsible to the voters.

Conflict

The Lords Committee is also worried that lack of a direct link will lead to conflict between the European and national Parliaments. It is hard to see how its proposed solution would necessarily avert that, given that British MPs will never be more than a minority in Strasbourg. The most important point, however, is to dispel any impression that the European Parliament owes any kind of allegiance to, or is some kind of extension of, Westminster. The hope must be that European Parliamentarians will see the Community's problems through wider lenses than is often the case at home.

THE SACRED College of Cardinals will be summoned within the next 30 days to a conclave to elect a successor to Pope Paul VI. The choice made will most probably dictate the future shape of the Roman Catholic Church which, to all intents and purposes, underwent during the last years of Pope Paul's life what could be called a reflective pause.

All the problems which the Church faces, and which the new Pope will have to grapple with, were clearly recognisable in the reign of Pope Paul, who died on Sunday, aged 80: the conflict between modernists and traditionalists who never forgave the dropping of the Latin liturgy; the challenge of a developing world not steeped in European and Mediterranean traditions; the challenge of the political left, and not least the role to be assigned to women in the Church.

The Papacy of Paul VI has in large measure been a period of transition for the church. His legacy was a difficult one. The memory of John XXIII often seemed to overshadow him. But he sought—and in great part he succeeded—to consolidate the enormous changes advocated, but not all introduced, under the innovative and progressive rule of Pope John.

In a sense, Pope John left the Church in a state of turmoil, deeply divided between the conflicting demands of the new progressives and the conservative and traditionalists. These divisions persist.

Pope Paul's refusal to condone birth control, his stands on celibacy and the role of women in the Church provoked serious rifts among the progressives, especially in the Netherlands and Germany. He had been coming under increasing pressure from Latin America and even Africa for the growing sympathy of many missionaries for the political left—a problem which is left the most deeply felt in the Vatican today.

His reforms to modernise the liturgy and to simplify church administration became the target of attacks from traditionalists like the French rebel Archbishop Marcel Lefebvre, who set up his own seminary and ordained priests in defiance of a ban from the Pope himself. Yet Pope Paul never sought a total confrontation with the rebel Archbishop. To the very end he attempted to avoid a dangerous schism.

Pope Paul, some years ago during the course of one of his weekly audiences, voiced his inner feelings and his frustration with seeing dissent threatening his efforts to consolidate gradually the transformation and modernisation of the Church. "Enough," he said, "of dissent. Today there is a real need for building, not destroying the church."

The difficult legacy left by Pope Paul

By PAUL BETTS, in Rome



A couple kneel in silent prayer in St. Peter's Square in Rome after hearing of the death of Pope Paul VI.

The Vatican has indeed, if less obviously than during the rule of Pope John, moved forward in the last decade. It has moved not to the left nor to the right, as the opposing wings respectively want, but on its own long-term course.

State-Church relations

The revision of the Concordat, the pact regulating the position of the Church in Italy concluded between Pius XI and Mussolini, is a case in point. It is important not only for Italy but for other predominantly Roman Catholic countries like Spain, as it could set a pattern of State-Church relations.

The spirit of that revision is in keeping with the thinking not only of Italian political parties but also of the Vatican. The Church, Pope Paul told King Juan Carlos of Spain last year in Rome, wanted "No privileges, but only sufficient liberty to carry forward its evangelising mission."

In Italy, Pope Paul sought to establish the Church's total and unambiguous autonomy from the Christian Democrat party, an old ally (although personally he was deeply shocked by the murder of his friend, Sig. Aldo Moro, the former Christian Democrat premier killed by Red Brigade terrorists last May, his direct intervention in the Moro affair was criticised, but his motives were never questioned).

Under Pope Paul, the Church never made easy concessions. The difficulties the Anglicans are finding in sealing an

historic compromise of sorts with the Roman Church, which sees itself unable to compromise on issues as fundamental as the eucharist, is one example.

The story of his overture to the Communist countries of eastern Europe is another.

It has been called a policy of "political concessions for pastoral gains." Although Pope Paul probably did more than any other Pope to improve relations with the eastern bloc, he clearly told the Polish Communist Leader, Mr. Edward Giersek, in Rome last December that the Church could only co-operate more fully in helping solving Poland's problems if it was granted the freedom of a modern society.

He may not have succeeded completely, but he did open the way towards freeing his successor from the constraints of the Vatican curia and to allow him more flexibility to pursue a pastoral role. The Pope, after all, is also Bishop of Rome and as such he should also devote time, in theory at least, to his pastoral functions there.

But Pope VI saw the concept of the Pope's pastoral role as something much broader. His view reflected a general desire within the Church today for a Pope of pastoral quality, less tied to central government, but whose vocation would not, as in the case of Pope John, leave his eventual successor with a difficult and perhaps ungovernable situation.

With his cautious long-term vision, Pope Paul sought to guarantee a gradual passage from his transitional or redemptive papacy into a new phase without risking the turmoil change can cause.

To this end, Pope Paul last year appointed Monsignor Giovanni Benelli to be Cardinal Archbishop of Florence.

Cardinal Benelli, Pope Paul's former Under-Secretary and perhaps his closest adviser, is a conservative, with no pastoral experience to speak of. As under-secretary he was increasingly understood to be at the centre of frictions and tensions within the curia.

He is one of the papabili—or

the problems affecting the Church and a greater voice within the curia. He wanted to rejuvenate the Italian-dominated bureaucracy of the Vatican, and progressively if slowly to internationalise the Church to prepare for the demands of a modern society.

There are strong arguments to support the thesis that the new Pope should not be an Italian to demonstrate the universality of the Church and the danger of associating it too closely with Italian politics. The balance of power within the Sacred College of Cardinals has changed. Italy has lost its former overwhelming hold on the college. Of the 130 Cardinals (15 of whom are over 80 years old and no longer have a vote) 45 are European including 33 Italians, 38 come from the American continents, 12 from Africa and 15 from Asia and Australia. After Italy the country with the single largest contingent is the U.S. with 12 Cardinals, followed by France with seven each, and Germany with six.

For some time, the names of some papabili who are not Italian have circulated. They include Francis Cardinal König of Vienna, president of the church's secretariat for non-believers, Johannes Cardinal Willebrands from Holland and Eduardo Cardinal Pionelli from Argentina.

But the likelihood that there will be another Italian Pope is regarded as far greater. The inter-connection between Church and state in Italy remains a major problem for any

new Pope, and particularly so for one who is not Italian. In any event, Italians in general would prefer to see an Italian Bishop of Rome. There would be obvious political difficulties for a Pope of any other nationality, and the Vatican bureaucracy, in spite of the reforms of recent years, is still Italian-speaking. Even a pastoral Pope would have to be deeply involved with the Vatican's central bureaucracy.

Of the Italian candidates, Sergio Cardinal Pignedoli, aged 68, is thought to be one of the favourites. He was an intimate friend of Paul VI and his close adviser when the late Pope then Giovanni Battista Cardinal Montini, was Archbishop of Milan. He would therefore be expected to pursue Pope Paul's line, and to put into practice the gradual process of transforming the Papacy which Pope Paul sought. As President of the Vatican Secretariat for non-Christian Affairs, Cardinal Pignedoli has travelled widely in the Third World and has often been used by the Vatican as a diplomatic troubleshooter. Although an Italian, he could well win the support of Third World members of the College as the best possible alternative to a candidate from outside Italy.

Another Italian candidate close to Pope Paul is Sebastiano Cardinal Baggio, who has been responsible, among other matters, for the Vatican's difficult relations in the Latin American continent. Perhaps Cardinal Felice, a leading expert in canon law, is also thought to be in the running.

The final decision will rest with the College of Cardinals assembled later this month in a sealed-off area of the Vatican Palace. A two-thirds majority will be necessary, and doubtless the election of the new Pontiff will see all the traditional manoeuvres of the politics of power.

Changes to come

In many respects, Pope Paul has laid down the pattern for the changes to come. Innovations of too forceful a nature are likely to be checked by the close collaborators for whom he ensured a powerful voice after his death. At the same time, the new Pope will have to meet the expectations of a Church, which is now seeking a clear pastoral lead. Through his reforms, Paul VI has made certain things easier for his successor, who will clearly be freer to act as a pastoral leader. But he has also left him with a still divided Church facing a whole series of complex philosophical, theological, social and indeed political issues.

MEN AND MATTERS

A nation of talkers

The spate of complaints about the hours worked by British parliamentarians is surely going to be fuelled by Annex D in the House of Lords select committee report on the European Communities, out today. This shows that our MPs spend far longer in the House than their European counterparts. Based on an average over the past five years, the score at Westminster was 1,528 hours. In France the Assembly met for only 510 hours a year, and in Italy the Chamber was in session for a mere 606 hours. In Belgium the parliamentarians only clocked up 307 hours—and even the Irish, not unknown for loquacity, were down on the 660 level.

Even the Lords go through the verbal mill—they average 730 hours, which is more than any other assembly or senate in the EEC. According to the statistics, it is not that the British politicians meet so much more often, but seemingly they cannot stop talking when they are together. One hopes that cynics will not suggest that it is quality rather than quantity that brings good government.

Hot-air business

If the weather on the far side of the Atlantic is any more serene than here we should soon be in for another bout of balloon fever. An American team is planning to soar upwards and westwards at the weekend, in the hope of doing just a little better than Britain's Don Cameron and Christopher Davey. The progress of the Americans will be watched intently by the company which has its name blazoned on the near-miss balloon. "If they don't make it," says Zanussi marketing manager Ronald Ansell, "we shall sponsor another British



"Can I have the Intrusion Into Privacy column?"

attempt. The brand exposure we had made it a fantastic investment—it cost us only a tenth of our spring TV budget."

Spain drain

Currency smuggling is part of Spanish folklore. A spate of recent scandals has breathed new life into the popular caricature of the rascinated and briefcase courier, spiriting his master's millions over the border en route to the Swiss bankers.

Although the carrying of currency accounts for a relatively insignificant proportion of Spain's capital drain, it has nevertheless now been made easier by the issue of the 5,000 peseta note to replace the 1,000 peseta note as the highest denomination in Spanish currency. A million pesetas in notes of 1,000 occupied the better part of an executive briefcase, whereas now a meagre 100 notes will do the job. For the impetuous and law-abiding, the new note has highlighted another aspect of the ins and outs of the peseta. For

some time now, there has been a chronic shortage of small denomination coins, particularly of one and five pesetas. The fall in the value of these coins has led to their being accumulated in bedside drawers and brandy bottles.

The absence of coin is most noticeable in tourist areas. It is far more common in Barcelona, to be given chewing gum, matches or at best cardboard tokens as change, than in Madrid or Bilbao. The reason is the outward traffic in coins carried homeward by 30m tourists, unable to spend the last pocketful of small change. This outflow is being remedied by importing coins, minted principally in Britain, Chile, France and West Germany. Boatloads of coins have been arriving, and some of their sources, undisclosed—have been rejected due to inaccuracies in the size and weight.

Bath in focus

Sir George Pollock has just sent out 7,000 letters asking every member of the Royal Photographic Society, of which he is president, for a cheque of at least £15. It is the latest move in a campaign that should soon reveal to the world what is in the society's unique hoard of photographs. After 125 years in London, the society has decided to quit its cramped offices in South Audley Street, Mayfair; it plans to go to the Octagon in Bath, but needs £300,000 to set up its headquarters there.

"In Bath we should at last have room to display our collection, which is now catalogued only according to photographers and not by subjects," says Kenneth Warr, the society's secretary. A computer at the University of Bath will be used to store details of the prints. Warr—a former Fleet Street executive—believes the collec-

tion will then support itself by the sale of copies. "If you asked us now if we had any pictures of Mr. Gladstone, for instance, we should have to rely on our memories."

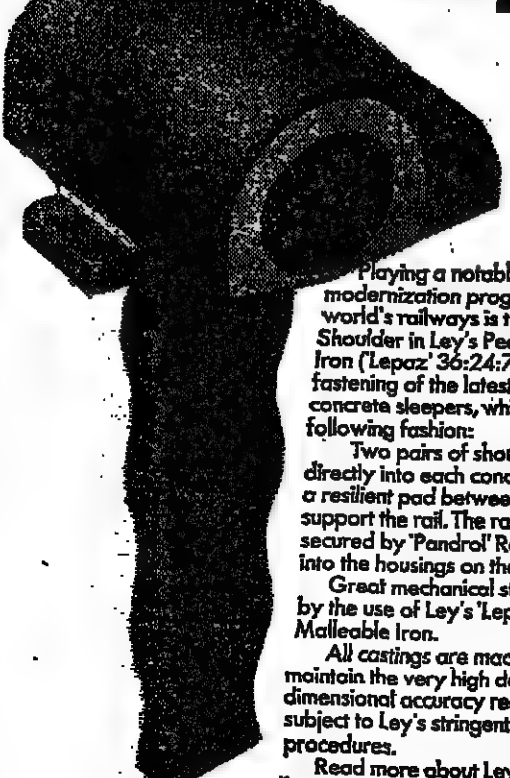
The society chose Bath because there it will be able to display its treasures to several million tourists who visit the city every year; there are also plans to start a photographic research facility at the university. Pump-priming for the fund-raising has come from Kodak with a £50,000 covenant. The company has the warmest feelings for the Bath area, because its fortunes are based upon a discovery made at Lacock Abbey, 20 miles from the city. The world's first photographic negative was made there by inventor William Fox-Talbot in 1839.

Country matters

Out in Britain's rolling acres (or heath, as the Min. of Ag. now calls them), there is rustic rage at our latest ninepenny stamp, which shows a shire horse, as part of an equine set. As a letter in the latest Farmers Weekly, from Wiveliscombe in Somerset, points out, the horse is standing beside a right-hand plough with a left-hand share. Not being too good on ploughshares, I asked the Shire Horse Society what it had to say, since the society gave its expert guidance on the stamp.

"It was the horse that interested us," was the reply. "We know the artist sat in a field and painted it. As for the plough, he must have used a bit of artistic licence." This is not likely to satisfy Farmer Priscott of Wiveliscombe, who says that before the Post Office ventures into such fields again it should consult the men who really know.

For really heavy sleepers



Playing a notable part in the modernization programmes of the world's railways is the "Pandrol" Shoulder in Ley's Pearlitic Malleable Iron (Lepaz 36/24.7). Its function is the fastening of the latest welded rails to concrete sleepers, which it does in the following fashion:

Two pairs of shoulders are cast directly into each concrete sleeper with a resilient pad between each pair to support the rail. The rail, in turn, is secured by "Pandrol" Rail Clips driven into the housings on the shoulders.

Great mechanical strength is achieved by the use of Ley's Lepaz Pearlitic Malleable Iron.

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Observer

The Americans' growing pessimism

AMERICANS ARE in a more common sense combine in a sober mood today than perhaps powerful enough fashion to make one feel that the evidence Europeans who cannot shake off the habit of patronising their protectors might say that since the experience of Vietnam the U.S. has begun to grow up; some Americans themselves might use the following words to describe their state of mind:

"Outraged... Apprehensive. Resigned. Angry. Frustrated. Turned off. Cynical. Bitter."

The list of adjectives has been taken directly from a report in the Wall Street Journal, which set out the views of a number of opinion pollsters. Most of these are unsurprising: people are more concerned about inflation than anything else; faith in the ability of governments to solve problems has diminished; the feeling that the Soviet Union is becoming relatively stronger is gaining ground.

I have spent a great deal of time in the U.S. this year and would not quarrel with any of this. Everyday conversation and an ordinary perception of what goes on around one supports all of it. The important question, however, is, "Is this a crisis?" A nation that lays down its hopes in one generation, only to crush the mugs flat in a stampede of jogging through the parks in the next cannot be said to have particularly solid convictions, at least on such minor matters.

Even on more important issues it is almost always a mistake to assume that the "opinion" that pollsters are recording at any one time is worthwhile. Yet polls can be valuable when repeated at intervals, particularly when a trend can be discerned. In such circumstances the laws of statistical probability and ordinary

plotting the answer to a Louis Harris question about whether it is expected that prices will rise more rapidly in the future shows a series of ever higher peaks running from 1975 to 1978; no doubt the highest peak yet will be reached later this year. In spite of the continuing high rate of unemployment, the chart recording public concern about the issue shows a steady decline since 1974; worry about inflation shows a concurrent rise since 1975.

This pessimism is matched in other areas. Since last August NBC News has been asking how likely Americans think it is that their country will become involved in a war during the next three years; the trend line is distinctly upwards, running from 35 per cent "likely" in August, 1977 to 51 per cent in March, 1978. Yet another poll, by Opinion Research Corporation of Princeton, suggests that since 1976 Americans have come to believe that the U.S. is militarily weaker than the Soviet Union; again 84 per cent of respondents agree that Russia would not live up to a SALT agreement, while 71 per cent aver that America would.

However, the collection of poll results published in *Public Opinion* takes us still further. It charts the Louis Harris question, "do you tend to feel that the rich get richer and the poor get poorer?", and finds that those answering "yes" have grown from 45 per cent in 1966 to around 77 per cent over the past three or four years. "What you think doesn't count anymore" is up from 37 per cent in 1966 to 81 per cent last year, which squares with other similar indicators of dissatisfaction with government.

For example, if a wage control policy is sweetened by accompanying tax cuts that might seem to make assurance of popularity doubly sure. Yet the evidence of the polls is that most people tend to think that everyone else is more likely to benefit from President Carter's 1978 proposed cuts than they are themselves. (Gallup, January, 1978). Wage controls sweetened in such a manner would not work; nor would they if they did not have the long-term effect of reducing the rate of inflation.

In short, by recording the sober mood of the American people, and indicating some of their long-term economic opinions, I am not advocating that policies of the Administration

should be framed in direct response to what it is told by the computers of Messrs. Gallup, Harris and all (or, in the case of President Carter, more likely by Mr. Patrick Caddell, his personal pollster).

Government by poll would, in Britain, mean hanging and fogging. In America in the past it might have confirmed the retention of gun control and the abolition of pornography; curiously enough a CBS poll this year recorded a 61 per cent favourable response to the question whether the sale of handguns should be restricted and 56 per cent in favour of letting adults "buy and read whatever they wish."

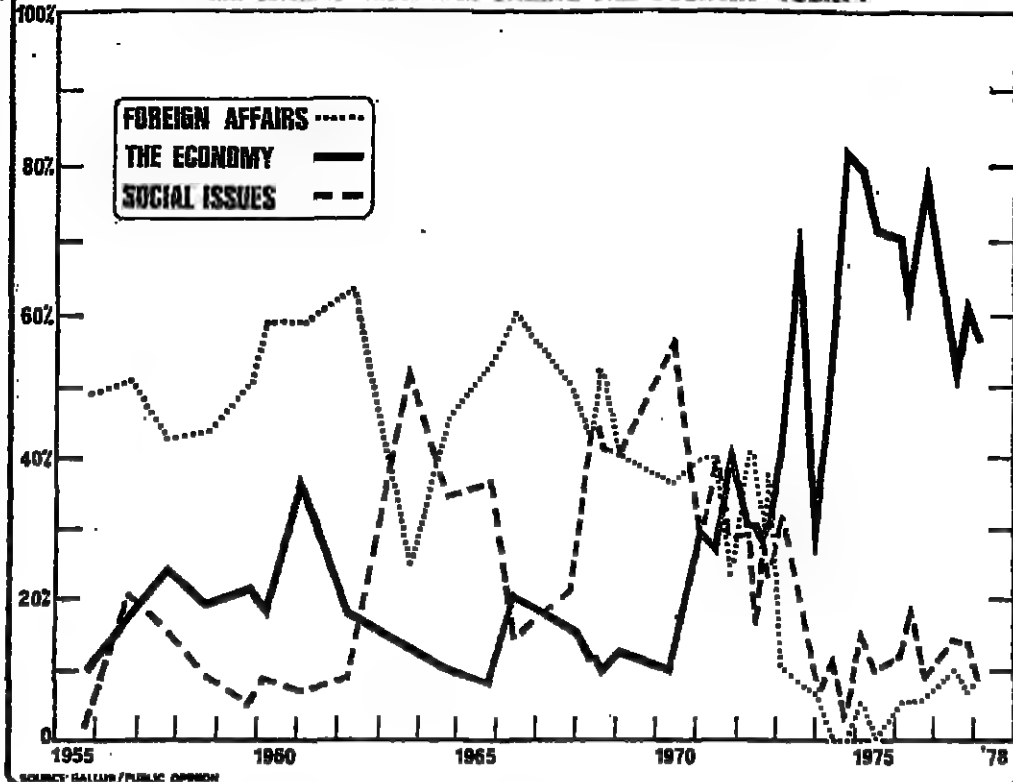
I happen to like what Americans are now saying they prefer on the matter of handguns and reading what they please, but one can hardly argue in favour of such policies on the ground of what the polls say while at the same time opposing popular policies in Britain, such as hanging. Given the choice between government by pressing a "yes/no" key attached to 100m TV sets and government by elected representatives, the answer is plain.

Even so, the record of the more sober mood of the America of today, as shown by a great many opinion polls, is of great importance to both the Administration in Washington and the Western allies who rely upon the U.S. for support. To me it indicates that America can no longer be regarded by Britain as a rather woolly-headed superman, to be admired for its brute strength, but to be told by the eminently more sensible people in Whitehall just how to behave in the wider world.

Such an opinion may be held by the present Administration, President Carter is now before

AMERICA'S "MOST IMPORTANT PROBLEM"

QUESTION: WHAT DO YOU THINK IS THE MOST IMPORTANT PROBLEM FACING THE COUNTRY TODAY?



Source: Gallup/Pollster

but then an adverse view of making his long and steady Elizabeth II in the "must come-back. In retrospect, he is admired women" category). Finally, the most sober of all currently one of the ten men most admired by Americans today are the young, ever, according to Gallup—When Gallup asked 18-18 year olds if they thought the world would be a better place to live (John F. Kennedy never made in 10 years from now, 55 per cent replied, "worse."

Joe Rogaly

Letters to the Editor

Scope for the innovators

From the Managing Director, Clapp and Pollock Europe

Sir, Britain has long been pre-occupied with the invention of products... bridges, reactors, aircraft, hovercraft, brain scanners, etc... reports David Fishlock (July 24, New Hope for the innovators). But we have neglected innovative manufacturing technology... unlike the Japanese.

But manufacturing processes are not the only area of neglect. There are consumer products in David Fishlock's top five: all were developed for institutional ownership. In consumer goods such as motor cycles, TV sets, radios, cameras, power tools, washing machines, refrigerators, textiles, typewriters... our record of retreat in the face of foreign competition is appalling, unlike the Japanese.

This may be because some of us were brought up to understand and respect engineering rather than we understand and respect people and their everyday needs. Perhaps the result of government support veering inevitably towards the epic rather than the personal.

Are we to continue to neglect consumer goods? It is to be hoped not. Part of the promise of microprocessors and the apparent opportunity for manufacturers to have a second chance, a new chance to start making the next generation of consumer products. But whether government research can help in this valuable engineering sector seems doubtful. There is no national prestige in backing the next bedside teamaker... the one that will turn on Radio Two, start running your bath and telephone for the weather forecast, while the kettle boils: whatever the export implications.

And in any case, we now have wrist watches more accurate than Big Ben. Calculators to check our groceries as fast as the check-out girl. Monitor to compute our phone bills. Once we get the hang of personal computers I expect we'll be challenging our water, gas and electricity bills. Through Prestel, and shared access to computer data banks of unprocessed processing power, we'll be calculating our own bank charges, pension contributions, mortgage repayments and social security benefits.

Perhaps we'll get access to our medical records, and start educating our children ourselves through new computer electronics. And maybe we'll look more closely at civil service expenditure and the national debt.

Step by step, advancing consumer goods take power from the institutions. Will government research centres be able to assist? Or is this a contradiction in terms.

Richard Copley-Smith, 225, Acton Lane, W4.

Buried by computer

From the Managing Director, Fernald Gloucestershire

Sir, One of the more irritating and futile by-products of the computer age was vividly illustrated by the arrival on my desk this morning of four identical communications from the publishers of an international technical journal with headquarters in Lausanne. Each contained a different code reference with minimal differences in the address. All four were promptly assigned to the waste paper basket.

will confirm that this is a regular occurrence. Efforts on the part of my secretary to try to correct these wayward computer-based operators meet with no response.

Are we doomed to be buried in an avalanche of unwanted promotional matter poured out by the ever-increasing output of giant computers?

Transferring pensions

From Mr. R. Lancaster

Sir, I feel that Mr. Hander (July 31) misrepresents your original article in asserting that experts do not like the concept of transferring a lump sum from one pension fund to another. Most experts approve the concept, and most companies make the offer to departing employees who qualify for benefit.

What needs to be clearly stated is that some companies are, in practice, so piggyback over actual amounts offered that the new employer can hardly be expected to make a vastly generous offer. For example, for employees changing jobs under age 40, it is by no means unusual for the transfer value offered to be no more than the employee's own contributions without interest.

One can appreciate that former employers cannot be expected to put themselves out unduly, but the withholding of all (or a large amount) of an employer's contribution, ostensibly paid on the employee's behalf, reveals a money-grubbing notion of pension as deferred pay.

Roger Lancaster, 34, Napier Court, Rugeley Gardens, Hurlingham, SW6.

Measurement of advertising

From Professor E. Henry

Sir, Dr. Dennis Oliver's dim answers to questions on advertising investment decision and evaluation is understandable life (albeit the life of the build) and therefore an economic type, as indicated in Michael's payback period may be calculated. Most insurance (July 6) of the Wood. Brigdale, insurers can advise prospective survey, that many advertisers do purchasers on the economic remarkably little to measure the effectiveness of their advertising. For reasons of management, psychology and sociology rather than a considerable number who take a less responsible approach. Later this, the 30 major firms and organisations accounting together for more than 14 per cent of the UK's total consumer advertising, who have collaborated in this area with the marketing communications research centre at Cranfield have between them not only been able to action learn a good deal about ways of dealing with this very complex subject but have also contrived to apply in their own practice some at least of the lessons which have emerged.

Harry Henry, (Visiting Professor of Marketing Communications), Cranfield School of Management, Bedford.

The status of engineers

From Mr. G. Colledge

Sir, While not wishing to agree specifically with "every thing that everybody has said, one cannot fail to recognise the value of the contributions of the Bow Group and the secretary of the Institution of Electrical Engineers (August 4), in the matter of engineers' status. May I add fuel to the flames by reminding readers of the existence of boards of companies? I dare suggest that the great majority of engineers (salaried) are currently or have been gainfully employed. British industry, perhaps the body of whom they might have sought advice in this connection is the Institution of Electrical Engineers which, now, it seems, has delicately and skilfully sidestepped the issue in the secretary's remarks, "some what esoteric and puritanical defence of the prime purpose of that ancient institution."

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The continuing recourse to a "There's trouble at mill" solution to the problem, coupled with the thought that "Professional men employed by a company of this status have no right to strike" might have something to do with the general malaise among men who, perhaps, have far more interest in their task than the monetary reward it offers, even in a period of high inflation and salary erosion of various kinds.

Perhaps the institution which, historically, has done so much to protect and preserve the status of the professional engineer, might, in its very ivory tower, in a better position to continue to do so than the "trade union" style bodies who possess neither the status nor the authority to achieve success.

Geoffrey Brian Colledge, 10, Potters, Ash dem Moor 1, 3500 Bonn 1, West Germany.

Saving energy

From Mr. B. Carter

Sir, On July 20 a letter from Mr. J. H. Millar of Monaco suggested that most countries should save energy by avoiding wasteful consumption of fuel in heating and cooling buildings. While on one is likely to argue with such an axiomatic statement I cannot agree with Mr. Millar's panacea of double glazing and double thickness of insulation for all.

Insulation materials and glass actually require energy for their production and manufacture and have a finite life (albeit the life of the build) and therefore an economic type, as indicated in Michael's payback period may be calculated. Most insurance (July 6) of the Wood. Brigdale, insurers can advise prospective survey, that many advertisers do purchasers on the economic remarkably little to measure the effectiveness of their advertising. For reasons of management, psychology and sociology rather than a considerable number who take a less responsible approach. Later this, the 30 major firms and organisations accounting together for more than 14 per cent of the UK's total consumer advertising, who have collaborated in this area with the marketing communications research centre at Cranfield have between them not only been able to action learn a good deal about ways of dealing with this very complex subject but have also contrived to apply in their own practice some at least of the lessons which have emerged.

Harry Henry, (Visiting Professor of Marketing Communications), Cranfield School of Management, Bedford.

Third world debts

From the Managing Director, Rosehaugh Company

Sir, I read with some annoyance your article on August 1 outlining details of the Government's intention to write off certain debts, including £25m in Sri Lanka. I think it is most unfortunate that the Government did not, before making this gesture, take urgent steps to ensure that the affairs of the sterling companies whose estates in Sri Lanka were nationalised in October 1975 were speedily resolved.

The estates were compulsorily acquired at a fixed figure per cultivated acre but so far the Sri Lankan Government has not accounted for the other assets taken over by it at the time, or given companies any information in regard to how they stand at present. It is most unsatisfactory and particularly so in view of the fact that the Sri Lankan Government makes downward adjustments without affording any reasons therefore or answering any questions in relation to these matters. It is also worth pointing out that Sri Lanka has the benefit of the plantations during the tea price boom which in itself made the purchase price paid for the estates appear very reasonable to say the least.

Another area where negotiation could have gone hand in hand with the debt write-off is the blocked funds held in Sri Lanka by UK resident companies. For Sri Lanka to receive generous treatment from Britain and give nothing in return is most unfair.

D. A. Taghight, 53-55, Queen Anne Street, W1.

struction is even started. Bryan Carter, 4A Controls, Lea Industrial Estate, Lea Road, Harpenden, Herts.

Aircraft noise

From Mr. R. Beveridge

Sir, The Department of Trade has commissioned the Civil Aviation Authority's directorate of operational research and analysis to carry out a three year programme of research into the relationship between aircraft noise at night and sleep disturbance, to produce a scientific basis for future decisions on commercial night flight restrictions.

Results from the initial survey show that of the residents living around Heathrow whose sleep is disturbed at night, in a third of instances the cause is aircraft noise (at Hounslow it is half).

According to the Department of Trade's (March 1977) consultation document "Night disturbance from aircraft noise at Heathrow and Gatwick," many countries close their commercial airports at night—some such as being Australia, Canada, France, Japan, Norway, Switzerland—and Germany (Hamburg, Bremen, Hannover, Munich, Nuremberg, Stuttgart, Frankfurt and Düsseldorf airports).

It will be interesting to hear whether the Department of Trade has ascertained from its opposite numbers in these countries if they decided arbitrarily to close their commercial airports at night, rather than to allow the human right of an undisturbed night's sleep to be continually spoilt *ad infinitum*—or, if they had first carried out similar research programmes, why is it not possible to act in a similar way upon the results of their research now?

R. Beveridge, Haslemere District Aircraft Disturbance Action Group, Little Swanham, Haslemere, Surrey.

Today's Events

GENERAL

Bank of England issues details of UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-July).

London clearing banks' monthly statement (mid-July).

Mr. Cyrus Vance, Secretary of State, continues Middle East peace talks in Egypt.

French air traffic controllers discuss their grievances with Mr. Joel H. Thaupe, Transport Minister.

UK Department of Trade officials in Washington meeting on aspects of U.S. legislation on Arab boycott.

Mr. Martti Ahtisaari, United Nations special representative for Namibia, in Windhoek to work out details of UN settlement proposals for the territory.

Unions representing maintenance workers on strike at UK docks meet: British Transport Docks Board.

London Philharmonic Orchestra makes statement on future plans. ELLZVI

Final dividends: Cowan de Groot; Group Investors; Benjamin Priest and Sons. Interim dividends: Aquila Securities; Autogative Products; Davies and Neill; Mercantile Investment Trust; Rentokil Group.

COMPANY MEETINGS

Klein+Gleason, Anstey Road, Harrogate, 230. State and Simpson, Posen Way, Luton, Leicestershire, 12. Wilkinson

for Violin and Orchestra; and Haydn (Symphony No. 90 in C major). Royal Albert Hall, SW7, 7.30 pm.

EXHIBITIONS

National Postal Museum, King Edward Street, EC4, Open 10 am-4.30 pm, Monday to Friday.

Museum of London, London Wall, EC2, Open 10 am-6 pm, Tuesday to Saturday; 2 pm-6 pm, Sunday.

Royal Academy summer exhibition, Burlington House, Piccadilly, W1 (until August 19).

SPORT

Cricket: Lancashire v. New Zealand, Old Trafford; Under-19 Test, England v. West Indies, Worcester. Golf: England v. Scotland, Renfrew. Show jumping: Dublin meeting.

World premiers of Romanza

Match, Dorchester Hotel, W., 11.30.

OPERA

English National Opera production of La Bohème, Coliseum Theatre, WC2, 7.30 pm.

Ballet Season, with stars of world ballet, Royal Festival Hall, SE1, 7.30 pm (until August 19).

MUSIC

Henry Wood Promenade Concerts: English Chamber Orchestra, conductor Simon Rattle, soloists Imogen Cooper and Erich Gruenberg, in programme of Britten (Variations on a theme of Frank Bridge); Mozart (Piano Concerto No. 23 in C major); Robin Hoodway (World premiers of Romanza

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Commercial Union Assurance Company Limited

The Board announces estimated and unaudited profits for the 6 months to 30th June 1978 at £44.2m (1977 £25.8m) after providing for taxation.

| | 6 months to 30th June 1978 | 6 months to 30th June 1977 | Year ended 31st Dec 1977 |
|--|----------------------------|----------------------------|--------------------------|
| | £m | £m | £m |
| PREMIUM INCOME | 615.2 | 612.8 | 1,072.5 |
| Investment income | 71.4 | 62.7 | 127.7 |
| Life profits | 7.3 | 6.2 | 14.2 |
| Underwriting result (table below) | (4.3) | (19.9) | (20.9) |
| Loan interest | (10.2) | (11.8) | (23.2) |
| PROFIT BEFORE TAX | 64.2 | 38.2 | 99.5 |
| Taxation and minorities | (24.0) | (12.4) | (32.2) |
| PROFIT ATTRIBUTABLE TO SHAREHOLDERS | 40.2 | 25.8 | 67.3 |
| EARNINGS PER SHARE | 9.75p | 7.72p | 19.90p |
| SHAREHOLDERS' FUNDS | £611m | £481m | £584m |
| UNDERWRITING RESULT | £m | £m | £m |
| United Kingdom | 8 | (1.7) | (1.7) |
| United States | (3) | (7.8) | (7.8) |
| Australia | (1.1) | 8 | 8 |
| Canada | (6.0) | (6.8) | (16.4) |
| Netherlands | 2.2 | (4.9) | (5.4) |
| Remainder | (4.3) | (19.9) | (20.9) |

Notes:
(a) The results for the six months to 30th June 1978 have been restated to reflect the change during the latter period of 1977 in the Company's accounting policy for deferred taxation.
(b) The results of the Company's overseas operations have been converted at rates of exchange prevailing at the end of the periods reported above.

World-wide premium income in sterling terms, after allowing for changes in rates of exchange, shows a growth of 4%.

Underwriting results generally have benefited by a net transfer of £4.1m (1977 £1.3m) from the extreme weather provision due to heavy weather losses during the first six months of 1978, particularly in the United Kingdom, United States and Australia.

In the United Kingdom there has been a return to underwriting profit with improved experience in most classes of business.

In the United States underwriting experience generally has continued to be profitable, but the 3 months' results on the U.S. statutory basis have been adversely affected by unusually high weather losses arising from the severe winter and subsequent wind and hail storms. These losses, experienced by the whole industry, have particularly affected the motor and property classes. The statutory operating ratio for the first 6 months of 1978 was 100.3% (1977 104.3%) and the deterioration from the 3 months' ratio of 98.0% is largely accounted for by the increase in weather losses.

Underwriting results in Australia have deteriorated further due to severe competition and adverse weather conditions. Canada has continued to make a modest profit under the limitations imposed by the Anti-Inflation Board and there has been a number of business in Quebec where motor, third party liability and injury insurance has been nationalised.

In the Netherlands the underwriting loss shows some improvement as rate increases approved in 1978 begin to have an effect, particularly on the motor account.

Marine and aviation business continues to suffer intense competition in the London market, but the 1978 underwriting year when closed at the end of 1978, is expected to produce a profit.

The 12% increase in investment income reflects the growth in funds available for investment, including those arising from improved underwriting results, and the higher interest rates available during the 2nd Quarter. After allowing for changes in rates of exchange, the acquisition of Estates House Investment Trust Limited and the proceeds of the Rights Issue in 1977, the underwriting increase in investment income was 10%.

Dividends
The Directors have decided to increase the interim dividend to 2.50p (2.50p) per share with the tax credit of 1.41p (1.25p) per share available to certain shareholders, totals £2.75p (£2.55p) per share, an increase of 10%. The dividend will be paid on 17th November next to ordinary shareholders on the register of members on 19th October and will cost £11.5m (£9.9m).

Following the retrospective reduction in the rate of Advance Corporation Tax, the Directors have also decided to pay an additional dividend in respect of 1977 to restore the 1977 final dividend, with tax credit, to that assumed at the time of declaration. This will be 0.077p per share which, with the tax credit of 0.038p per share, will amount to 0.115p per share. The cost is £0.3m and payment will be made with the interim dividend to all shareholders on the register at 19th October.

The total payment to shareholders on the register at 19th October is £12.8m (£12.4m) per share which, with the tax credit of 1.46p per share, amounts to 4.35p per share at a total cost of £12.1m.

Life
New life assurance business (world-wide) was as follows:

| | 6 months to 30th June 1978 | 6 months to 30th June 1977 | Year ended 31st Dec 1977 |
|-------------------------------|----------------------------|----------------------------|--------------------------|
| | £m | £m | £m |
| New sums assured | 1,024.1 | 916.7 | 1,699.7 |
| New life and annuity premiums | 30.5 | 25.7 | 63.8 |
| New annuities per annum | 25.4 | 20.5 | 75.5 |

Insure with
Commercial Union Assurance



MINING NEWS

Gold tonic for Canada's Giant

BY KENNETH MARSTON, MINING EDITOR

THE IMPACT of higher gold prices on the non-South African producers of the metal is demonstrated in an 80 per cent increase in half-year earnings of Canada's leading gold miner, Giant Yellowknife, which is a member of the Falconbridge group.

Net profits of Giant Yellowknife for the first half of this year have advanced to C\$1.8m (£950,000), or 41 cents per share, compared with C\$1m, or 23 cents per share, in the same period of 1977. The average bullion price received in the latest period was C\$275.1 per ounce compared with C\$149.55 a year ago. The current price is C\$282.

Spending on diamond drilling, both surface and underground, has been substantially increased in an effort to disclose further ore reserves at the property which is at Yellowknife in the Northwest Territories.

Some encouragement is reported in the drilling but the company comments that "it is too early to determine just how significant some of the drill intersections are in terms of additional reserves."

Also doing well in the silver-producing United Kingdom, Hill, another member of the Falconbridge camp, first-half net profits of United Keno Hill have jumped to C\$1.5m from C\$744,000 a year ago thanks to above-average milling grades at the Husky and Keno mines coupled with higher silver prices.

Finally, Canada Mines which produces gold in the Maricopa area

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY
Interim—Acme Securities, Automotive Products, Davies and Metcalfe, Remick, Fiske-William Cook (Sheffield), Cowan & Co. Group, Grosvenor, Macdonald Investment Trust, Bendish, Priest, Bernard Sunley Investment Trust.

FUTURE DATES

| Company | Date |
|---------------------------------|----------|
| Barrow Hepburn | Aug. 10 |
| Blackwood Ridge | Sept. 10 |
| Carron | Aug. 10 |
| Ford (Marin) | Aug. 9 |
| Lumber Rowan | Aug. 10 |
| Tiger Gate and National Milling | Aug. 10 |
| Turner and Newall | Sept. 23 |
| Finlay | Aug. 11 |
| Carrington Investments | Aug. 11 |
| Lea Group | Aug. 10 |
| Mar River Stables | Aug. 10 |
| Stoddard | Aug. 23 |
| Wholesale Fittings | Aug. 20 |

of north-western Quebec, reports a profit for the first half of 1978 of C\$2.4m compared with C\$1.5m a year ago.

The company expects a further increase in second-half earnings, anticipating higher bullion prices, a contribution from La Luz coal operations and some improvement in natural gas revenues. During the past half-year La Luz incurred a loss as a result of the U.S. coal strike, but is now operating profitably.

New flurry of gem hopes Down-Under

THE Rio Tinto-Zinc group's 72.6 per cent-owned Condamine Riotinto of Australia has underlined a new focus of interest in the Western Australian diamond search by its application for 32 temporary reserves inland from Carnarvon, reports Don Lipscombe from Perth.

Until now, CRA through the Ashton joint venture which it operates, has been working in the Kimberley area. Although both areas are in tropical Western Australia, the Kimberley and Gascoyne regions are 1,000 miles apart.

By applying for temporary reserves, anticipating only diamonds as the target, CRA has made a sizeable commitment. It must spend on each block a minimum of A\$40,000 a year. Thus CRA is betting A\$1.28m (£267,000) a year on this new area, centred on Kennedy Range and Winning Wood.

Although the applications have not yet been gazetted, their appearance on a public plan this week has caused a new flurry of excitement within an industry that, already has overtaken its boom as a result of CRA's Kimberley efforts. As geologists devise theories about CRA's exploration rationale, similar areas will certainly be pegged in the present plan.

Already there are three main groupings of small companies active: Carr Boyd Minerals with Hill Minerals, Alkane, and Grosvenor Western Queens with Lennard Oil and Magnet Metals; North West Mining with Haoma, recently joint ventured with Selection Trust; and Otter with Spargue and Bamboo Creek.

The Otter group has also been working with Samantha Mines, an unlisted company that has been active for several years. A draft prospectus is before the company's Affairs Committee in Victoria with the intention of making this the first newly listed company since the popping of the Poseidon bubble, when companies were listed at a three-week rate.

Samantha has interests in oil exploration and base metals, but the timing and stakes in both the Kimberley and Gascoyne areas will make it the first diamond stock. It is proposed that the 20 cent shares will be offered at a considerable premium.

In another familiar symptom of a mining boom, the Perth-based Swan Tyre Corporation has joined the Kimberley diamond hunt. The company was floated in 1968 as

Palgrave Corporation, but after an unsuccessful history, Palgrave became the vehicle for the public listing of the Perth operations of Swan Tyres.

An extraordinary general meeting has been called for August 23 to enable the company to join with Kinross Exploration and to contribute A\$50,000 for a half-share in 21 Lennard River mineral claims, about 3 miles from claims held by CRA Exploration.

ROUND-UP

A loss for the first half of this year of C\$2.5m (£134m) is reported by Canada's Falconbridge Nickel which made a profit of a restated C\$228,000 in the same period of 1977. The loss in the latest period, however, is after a C\$2.1m provision for preferred dividends; there was no such requirement a year ago.

America's International Minerals and Chemical has made a profit for the three months to June 30 of \$81.7m (£16.5m). This brings the total for the financial year to \$150.1m, or \$6.81 per share, compared with \$108.2m in 1976-77. The past year's sales amounted to \$1.36bn against \$1.28bn.

Trading in shares of Silver Valley Minerals is to be resumed on Australian stock exchanges. The shares have been suspended since last December when the Australia and New Zealand Banking group appointed a receiver at the company's request. Last week it was reported that International Shipholdings of Singapore is interested in acquiring a 25.5 per cent stake in Silver Valley and is putting up funds for an updated feasibility study of the Australian company's Mawson coal prospect in New South Wales.

Canada's Kaiser Resources has finally concluded a two-year agreement with its Japanese customers, and partners to increase the base price for metallurgical coal sold under the company's long-term contract. The new price is C\$59.50 per long ton compared with the previous level of C\$57.25. The new contract amendment is retrospective to April 1, 1978, and provides that no further escalation will be allowed during the two-year period.

MINING BRIEFS

CEEVOR TIN—July output: 5,282 tonnes (last period: 5,282 tonnes). Black tin (65 per cent Sn) includes 13 tonnes low-tin (50 per cent Sn).
SILVERHILL TIN—July output: 252 tonnes (June: 19 tonnes).

ISSUE NEWS

Leisure Caravan scrip

Leisure Caravan Parks is proposing to make a scrip issue of 3.48m new ordinary shares of 10p each on a one-for-three basis. The directors are also recommending an increase in the authorised share capital from £1.2m to £1.75m by the creation of 1.5m additional shares of 10p each.

Extraordinary general meeting, August 29.

W. E. NORTON
W. E. Norton (Holdings) announces that acceptances have

DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corr. of spending div. | Total year | Total last year |
|-----------------------|-----------------|-----------------|------------------------|------------|-----------------|
| Bromsgrove Castings | 1.4 | — | 1.19 | 2.2 | 1.99 |
| Clifford and Steel | 0.32 | Oct. 2 | 0.41 | 0.54 | 0.57 |
| Commercial Union Int. | 2.88 | Nov. 17 | 2.58 | — | 7.72 |
| Hambros Trust | 1.37 | Sept. 20 | 1.12 | 2.12 | 1.62 |
| Howard Shuttering | 0.58 | Oct. 10 | 0.78 | 1.73 | 1.85 |
| Wagon Industrial | 4.68 | — | 4.38 | 7.08 | 6.88 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Supplementary payment for 1977 in respect of change in A.C.T.

THORN
a world
of difference
1928-1978

Thorn celebrates 50 years Highest ever sales, profits and dividends

The following are extracts from the annual statement to shareholders made by the Chairman, Sir Richard Cave.

The Year's Trading

In the U.K. we have continued to trade positively to retain and where possible increase market shares and to launch new products. In addition, much attention has been given to capital investment in our factories to improve efficiency and to contain costs of manufacture. As a result, each of our product groups has achieved increased trading profits in the U.K. in the past year and the progress in lighting is deserving of special mention.

Eurobond Issue

We have for the first time entered the international currency market by an issue of U.S. \$25,000,000 Convertible Guaranteed Bonds through our newly formed Netherlands subsidiary, Thorn International Finance B.V. The funds will be lent to the parent company and used to re-finance part of our non-sterling borrowings and to provide additional working capital for our foreign subsidiaries.

Dividends

To assist the marketing of the Eurobond issue we have received permission from HM Treasury for a 72% increase in dividend. The Board believes that this increase is justified by the stability of profits over the years and the strength of the reserves of the Company, as the dividend remains covered more than 3.5 times by profit, before extraordinary items.

Management and Employees

Not only as a matter of duty but also because it is most richly deserved

I wish to thank most sincerely all employees from our most recent recruit right through to my colleagues on the Board for their personal efforts in promoting the success of the Company this year.

The Future

Growth will follow the increasing level of capital expenditure, this year totalling £131.8 million (U.K. £104.6 million, overseas £27.2 million) together with the detailed investigations that are being undertaken with a view to expanding in the U.S.A. and Europe and for developing a presence in the Far East. Above all, our longer term ambitions require a strong U.K. base. This we already have and will improve upon.

Despite the difficulties I continue to believe that the Company is in good heart and ready to tackle its problems and accept its opportunities and that reasonable results will be achieved in the present financial year.

| Summary of Results for | 1977/78 | 1976/77 |
|----------------------------------|-----------|---------|
| External Turnover | £1,091.9m | £992.9m |
| Profits before tax | £110.3m | £101.9m |
| Ordinary Dividends per 25p share | 11.45p | 6.6527p |
| Earnings per share | 40.0p | 36.1p |



Thorn Electrical Industries is a worldwide company with four distinct product groups, television rental and consumer electronics, domestic appliances, lighting, and engineering. It uses many distinguished trade marks including Kenwood, Mazda, Bendix, Ferguson, Ultra, Baird, Tricity, Parkinson Cowan, Benham's, Avo, Goodmans, Main, Moffat, Clarkson, DER. The Company operates over 100 factories and employs over 83,000 people around the globe.

THORN ELECTRICAL INDUSTRIES LIMITED,
THORN HOUSE, UPPER SAINT MARTIN'S LANE, LONDON WC2H 9ED

NatWest Registrars Department

National Westminster Bank Limited has been appointed Registrar of

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National Westminster Court
37 Broad Street
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Telephone Bristol (STD Code 0272)
Register enquiries 290711
Other matters 297144

FARMING AND RAW MATERIALS

Farm exporters 'need special aid'

BY CHRISTOPHER PARRIS

BRITAIN'S INFANT agricultural export trade needs special assistance from the City and statutory bodies to help it strengthen its position in world markets, the Advisory Council for Agricultural and Horticultural Exports said yesterday.

The council, which advises the Ministry of Agriculture, said in a report that most of the companies involved were small and lacked experience in the export business.

The report suggested that bank loan guarantees now offered by the Agricultural Credit Corporation should be extended into the export field to finance production and distribution costs.

The Government should consider meeting the corporation's charges for any such guarantee.

The Export Credit's Guarantee Department should also take greater account of the special needs of the agricultural sector.

The council's investigators found many potential exporters frustrated by the complexities of exporting, particularly in credit and finance. They also heard many complaints of a lack of

Russia 'will reach grain target'

MOSCOW, August 7.

SOVIET agriculture officials

appear confident that this

year's grain harvest will reach

the target of 220 million tonnes

by economic planners, Western

diplomats sources said today.

An economic expert at the

Western embassy was told by

Farm Ministry sources that

there was "no reason" why the

goal should not be met.

Similar confidence was

voiced last week by a political

commentator for the semi-

official Novosti Press service,

who said that many specialists

believed the crop would

surpass the year's target.

Novosti's Glib Spiridonov

said it was still too early to

estimate the size of the

harvest, but the harvesting

campaign in many regions

showed that grain yields per

hectare would be high.

Despite this year's draught

out spring, sowing was com-

pleted on schedule and with

good quality. On the whole

the situation in the agrarian

sector of the Soviet economy is

favourable.

Western farming specialists,

who have been monitoring crop

reports issued by Soviet news

media, tended to share the com-

mentator's view of harvest

prospects. But they said that

the only certain result so far

was of a bumper crop in south-

western Russia, which generally

accounts for one-tenth of

Soviet grain.

Yields in the Ukraine were

slightly below those of last year

—when the southern republic

produced a record harvest

despite a disappointing overall

Soviet total of 195.4 million

tonnes.

Western experts said that the

larger area under grain in

this season could compensate for

lower yields in the Ukraine,

although grain quality might

have been affected by heavy

rain towards the end of last

month.

More serious problems could

still arise in eastern grain

areas in Asia, particularly in

Kazakhstan, where the crop

was vulnerable to cold

weather.

Reuter.

U.S. COTTON

ESTIMATE CUT

NEW YORK, August 7.

COTTON INC. has cut its estimate

of U.S. cotton production from

11.3 million bales, because of

drought in the South-West and

insect problems in the West.

In its August Cotton Summary,

the Cotton Research and Educa-

tion Foundation said that crop

prospects had reached the critical

stage in Texas due to drought.

Reuter.

Report of strike deal hits lead

BY OUR COMMODITIES STAFF

announced a 0.5 per cent

increase in its spot selling

price for electrolytic copper

cathodes to 66 cents, but this

had no discernible impact on the

market, which was generally

easy.

Late in the afternoon Reuter

reported from Santiago, Chile,

that Exron's La Disputada

copper mine would be paralysed

for about three months because

of landslide damage.

Last year the mine shipped

64 million pounds of blister copper

and 18 million pounds of copper

concentrates.

Higher inflation in the U.S.

coupled with rising interest

rates, higher oil prices and low

economic growth should mean a

fall in copper lead and zinc

prices by the end of the year,

according to Commodity Analysis

in its latest half-year review.

The report forecast that net

metal imports of developing

countries would triple over the

period to almost 3 million tons.

Meat imports by members of

the Organisation of Petroleum

Exporting Countries had grown

from about 235,000 tons a year

in the early 1970s to about 600,000

tons annually and could reach

1.3 million by 1985.

The Near East market was

especially significant for develop-

ing countries with either present

or potential exports of mutton

and lamb, and to a lesser extent,

beef.

The study noted the vicinity

of Near Eastern markets to

beef production in the

Common Market is expected to

rise by about 2 per cent in the

next 12 months, ZMP, the West

German statistical bureau

reported in its latest release.

The increase will make the

Community about 97 per cent

self-sufficient in beef at a time

when shortages elsewhere in the

world will be worsening.

The boost in EEC output, how-

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around the Nine. Most of it

would be achieved in France and

West Germany, the two leading

producers.

Production in the UK — the

third biggest beef producer in

the Community — would drop

1 per cent to 3.7 million head of cattle

slaughtered.

Denmark and Italy were also

expected to produce less. Italy,

the fourth most important beef-

producing country, would kill

about 2.5 million cattle — 2 per

cent less than in the 12 months just

ended.

Irish output would probably

remain unchanged.

Reuter.

Japan strikes bargain on

fisheries with N. Zealand

NEW ZEALAND and Japanese

negotiators in Wellington have

reached agreement on Japanese

rights negotiations with Japan,

including that access to its waters

would be on a "mutual benefit"

basis, and that New Zealand farm

products would be sold at the

prevailing market price.

None of the negotiators would

reveal the contents of the pact.

The Japanese noted only that

they expected their fishing boats

to be back within the New

Zealand 200-mile "zone" soon.

Japanese fishing industry

representatives are to visit the

U.S. this week to lobby against

any reductions in Japanese fish-

ing quotas inside the U.S. 200-

mile zone, the Japan Fisheries

Association said.

Meat sales boom forecast

FINANCIAL TIMES REPORTER

ROME, August 7.

A BOOM in meat consumption by

African and Asian meat

importers by industrial countries

should improve prospects for

meat exporters in the years

ahead, according to a study

released by the UN Food and

Agriculture Organisation.

The study — part of a new

series of agricultural commodity

projections to 1985 — said that

rising imports by developing

countries could help boost net

exports of meat and live

animals in terms of carcase

weight to 8.7 million tons a year

by 1985, compared with 6.5 million

tons during the early 1970s. A large

part of this increase would prob-

ably go to the oil-exporting

countries, with the U.S. and

Japan also buying more.

The report forecast that net

meat imports of developing

countries would triple over the

period to almost 3 million tons.

Meat imports by members of

the Organisation of Petroleum

Exporting Countries had grown

from about 235,000 tons a year

in the early 1970s to about 600,000

tons annually and could reach

1.3 million by 1985.

The Near East market was

especially significant for develop-

ing countries with either present

or potential exports of mutton

and lamb, and to a lesser extent,

beef.

The study noted the vicinity

of Near Eastern markets to

beef production in the

Common Market is expected to

rise by about 2 per cent in the

next 12 months, ZMP, the West

German statistical bureau

reported in its latest release.

The increase will make the

Community about 97 per cent

self-sufficient in beef at a time

when shortages elsewhere in the

world will be worsening.

The boost in EEC output, how-

ever, would not be spread evenly

around the Nine. Most of it

would be achieved in France and

West Germany, the two leading

producers.

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third biggest beef producer in

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cent less than in the 12 months just

ended.

Irish output would probably

remain unchanged.

Reuter.

Nine set to produce more beef

BY OUR COMMODITIES STAFF

In West Germany slaughter-

ings were expected to rise 6 per

cent to 4.7 million over the 12 months

ended in July, but ZMP said that

there would be a particularly heavy

increase during the next five months.

The bureau expected heavy

demand for space in the inter-

vention cold stores and some sur-

plus beef might have to be frozen

and kept outside the country as

had happened in the past.

France, too, was expected to

raise slaughterings by 6 per cent

to 4.7 million. There was 41m

carcasses of French cold store

space available at present, during

the past 18 months, virtually all

intervention stocks in the

country had been disposed of.

In any event, Britain would

probably represent a useful

export outlet for any excess

beef.

Much of the French beef in

output, like that in Germany,

would come in the remaining

months of this year. The Nether-

lands, too, was expecting some-

thing of a rush to the abattoirs

this autumn.

Irish output would probably

remain unchanged.

Reuter.

Reuter reported from Luxem-

bourg that the Common Market's

statistics office had said that the

Community cereals crop this

year could come close to a

record, provided that the weather

held out until the harvest was

in.

The previous record was 108m

tonnes in 1974. Last year's crop

reached 103.7m tonnes.

The good results expected this

year were mainly due to the

wheat harvest, which could be

as high as 42.5m tonnes, after

41m last year, an average

increase of 3 per cent com-

pared with 1977.

Harvests of barley and grain

maize were expected to be little

changed on last year, when they

were 37.7m and 15.6m tonnes

respectively.

The statistics office said that

rain had badly affected the

quantity and quality of the hay

harvest in large areas of the

EEC.

The area under potatoes was

down by about 5 per cent and

the area under sugar beet

STOCK EXCHANGE REPORT

Demand from institutions helps push 30-share index through 500 with a rise of 8.2 at 505.4—Golds higher

Account Dealing Dates

First Declared Last Account
 July 24 Aug. 3 Aug. 15 Aug. 15
 July 24 Aug. 17 Aug. 18 Aug. 30
 Aug. 21 Aug. 21 Sep. 1 Sep. 12
 * New share issues may take place from 9.30 a.m. two business days earlier.

The new Account in equity stock markets started with a flourish yesterday and the FT 30-share index breached the 500 mark for the first time since early November last year. Initially, buying interest was fairly patchy in the leaders—but some good investment demand developed in the late morning and a rise of 3.3 in the index at 11 am was extended to 7.2 at noon. Thereafter, the pace of the advance slackened considerably. Nevertheless, buyers were still in commission, and the index closed at the best of the day with a rise of 8.2 at 505.4. Some of the gains in the leaders were accentuated by stock shortages. Underlying sentiment was helped by several encouraging surveys on the economic outlook in the U.K. Secondary issues also recorded numerous rises, with weekend Press (10p) meeting of ready response, 3 Lyons, down 4 at 133p, were actively traded following comment on the bid from Allied Breweries and fears that the offer may be referred to the Monopolies Commission. Among the sectors, Oils took a marked turn for the better after a Press suggestion that the recent reaction in response to the Government's new tax proposals had been overdone. This was reflected in a rise of 2.1 per cent to 490.62 in the FT-Actuaries index for the subscription.

Hope that the mid-July banking figures, due to be published today, will prove encouraging gave a further fillip to British Funds. Much of the day's interest again centred on the shorts which gradually pushed ahead in the course of a useful business to close with fresh gains extending to 1.5p. Lender maturities traded quietly, but improved by around 1.5p in sympathy with the shorts. The July wholesale price indices were in line with expectations and had little impact on sentiment.

Investment currency was opened lower on sterling's early strength yesterday, but few sellers were in evidence and overnight buyers for investment on Wall Street helped to take the premium to close at the day's best of 106.4 for a net rise of two points. Yesterday's conversion factor was 0.6531 (0.6578).

In the wake of increased activity in the equity market, business in Traded Options picked up and 713 contracts had been completed by the close, more than double Friday's 350. Land Securities were the most popular and here 203 contracts were done, 35 in the October 340 series. Prices of its October 180 and 200 series im-

Comm. Union please

Commercial Union touched a 1978 peak of 163p before closing a net 2 dearer at 160p after reporting first-half profits at the top end of market estimates. The announcement helped sentiment in other Composite Insurances and prices moved forward smartly although a late reaction left most below the best. General Accident, to report interim figures tomorrow, closed unaltered at 232p, after 235p, while Sun Alliance added 14 to 574p after 576p.

Elsewhere, Life issues were strong with Pearl particularly notable for an advance of 12 to 268p. Hambro rose to 365p while Britannic and Equity and Law both finished 6 better at 180p and 158p respectively.

The major clearing banks, which have been neglected since the disappointing interim dividend season, yesterday found renewed support and contributed to the general firm trend. Barclays added 8 to 322p and Midland added 6 to 350p.

Breweries spent a quiet session, Allied, at 88p, recouped 11 of Friday's loss of 8 which followed the announcement of the agreed bid for J. Lyons. Still reflecting bid hopes, Belhaven edged forward a penny more to 187p. Elsewhere, Highland Distilleries became active and closed 7 better at 151p.

Leading Building descriptions held useful improvements, or small persistent buying. Blue Circle advanced 8 to 278p and London Brick 4 to 79p, the latter added by Press comment. RMC and Cement Roadstone both added 7 to 143p and 101p respectively.

Construction issues favoured included Richard Costall, 208p, and Newarthill, 158p, up 3 and 4 respectively, while French Kier gained 3 to 40p, the last-mentioned helped by Press comment. In a good turnover, Heywood Williams advanced 7 more to 144p while speculative support in a thin market left May and Bassel 8 up at 78p. Buyers came in for Wilson (Connolly) which added 7 to 145p.

In a small turnover, ICI and Flouros improved 8 to 397p and 7 to 372p respectively. Allied Colloids found support and added 4 to 83p.

Marks & Spencer firm
 Stores started the new account in the same firm fashion as they had finished the old. Marks and Spencer were popular in their smaller-priced form following the one-share scrip-issue and, after a good business, finished 3 1/2 to the good at 88p; sentiment was helped by the chairman's report on the group's planned Japanese sales drive. UDS continued firmly at 106p, up 5, after 106p, while Gassier's "A", 314p, and House of Fraser, 163p, rose 4 and 5 respectively. Elsewhere, Hardy

and Co. (Furnishers), 39p, and the "A" 39p, added 6 and 4 respectively after Press comment.

Forminster moved up 8 to 156p, while Home Caravan gained 6 to 185p as did Raychem, to 102p.

GEC continued firmly in Electricals, rising 3 to 283p, while Decca ordinary and "A", both up on 20 to 480p and 470p respectively. Small buying in a restricted market lifted United Scientific 12 to 347p for a two-day improvement of 28, while investment demand left Thorn Electrical 10 better at 390p and Rael Electronics 13 to the good at 292p.

A good demand, some of which was institutional, in a market none too well supplied with stock helped the miscellaneous Industrial leaders to close the first day of the new Account with double-figure gains in places. Beecham, 710p, rose 36p, to 546p, and 608p, all closed between 10 and 13 higher, while Press comment ahead of the forthcoming 100 per cent scrip-issue left Pilkington 18

better at 595p, after 600p. Elsewhere, speculative support helped Mains add 4 more to 38p, Leyland improved 9 to 86p and Booker McConnell gain 10 to 294p. An investment recommendation enabled Rexnord to put on 4 to 67p and helped Duplex harden 21 to 211p. The chairman's optimistic annual report left Vitens up 3 at 179p, while buying ahead of Thursday's annual results left Securities 2 dearer at 124p and the A N/V 6 to the good at 126p.

De La Rue gained 16 to 438p and ICL 5 to 372p. Stock shortages helped to bring about a fresh rise of 7 to 82p in Philip Harris, while Thomas Fraser were notable for a rise of 6 to 66p.

Following the recent hectic trade on reports of record levels for car sales, activity in Motors and Distributors became somewhat quieter and price movements were generally limited to a penny or two. However, Lex Service, which reported interim figures on August 17, featured with a rise of 4 to 94p in active trading fuelled by Press comment. Lucas Industries rose 4 to a 1978 peak of 328p, while Press comment was reflected in Heron Motor, up 3 more to 140p for a two-day rise of 14 in front of Thursday's preliminary figures, and BSG International, 24 harder at 45p.

Newspapers held modest improvements after a reasonable turnover. In Paper/Printings, persistent demand lifted Chapman

Press comment on the implications

of the proposed merger with Allied Breweries, J. Lyons eased to 123p before closing a net 4 cheaper at 123p.

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bullion price, which was finally

\$2.5 higher at \$203.875 per ounce, after touching \$203.75, prompted a good demand for South African Gold shares with the Gold Mines index 5.0 better at 190.1.

After being marked up at the outset of business, prices made further progress owing to Cape and Continental buying but this dried in the afternoon as the metal price started to react to profit-taking.

Nevertheless, rises in Golds were widespread and often substantial with the marginal issues particularly in demand.

Among the latter East Rand Proprietary, 402p, and Durban Deep, 406p, both closed around 17 higher, while Bracken put on 61 to 941p and "Sailors" 8 to 641p. Leslie rose another 3 1/2 to a year's high of 631p.

Heavyweights registered gains of up to a half-point as in Western Holdings, 222 1/2, and Randfontein, 223 1/2. In lower-priced stocks, Doornfontein were prominent and finally 21 to the good at 347p, while Unisel rose 17 to 231p.

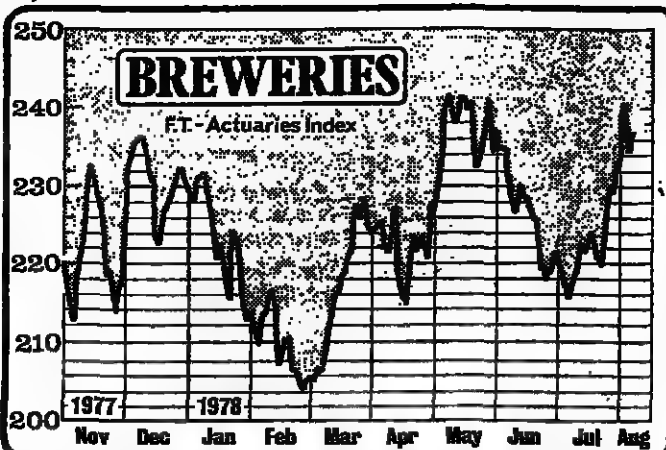
South African Financials, mirrored the trend in Golds. New High, for the year were seen in Sentrair, 9 firmer at 232p, Union Corporation, 6 better at 302p, and Gold Fields of South Africa, which put on 1 to 218p.

The sharp gains in UK equities aided sentiment in London-based Financials. Rio Tinto Zinc were active and closed 5 up at 235p, but Gold Fields relinquished most of an earlier improvement to finish barely changed on balance at 185p, after 186p.

Platinum moved ahead to new 1978 highs in response to the strength of the free market, platinum prices. Bishopcleeve hardened 2 to 98p and Lydenburg a similar amount to 75p.

Australians lacked a decided trend following the closure of overseas and domestic markets for a public holiday. Speculative diamond exploration stocks attracted a modest interest with Basmala and North West Mining both 4 better at 97p and 46p respectively.

The continued buoyancy of the



Oils advance

Strong demand developed for leading oils on reassessments of the effects of higher North Sea oil taxes, but closing levels were slightly below the best. British Petroleum touched 85p before finishing 18 higher on balance at 830p, and Shell ended 12 up at 565p after 567p. Buyers supported Ultramar which improved 10 to 274p, after 278p, and Trioleon improved 8 to 178p, after 180p.

Oil Exploration and Lesmo both held gains of 4 at 310p and 132p respectively, while Slemons (UK) put on 20 to 410p. KCA added 20 to 218p, and Shell ended 12 up at 565p after 567p. Buyers supported Ultramar which improved 10 to 274p, after 278p, and Trioleon improved 8 to 178p, after 180p.

Investment Trusts attracted a reasonable business and closed firmly with Capital issues prominent. Dualvest improved 7 to 237p, while City and Commercial were also supported at 125p, up 6. In Financials, Hambro Trust rose 3 to 30p in response to the preliminary figures.

Press comment directed attention to Furness Withy which closed 7 better at 255p following a reasonable turnover. Shaw Carrels featured Textiles with a jump of 7 1/2 to 57p in response to Press comment. Dawson International rallied 5 to 147p.

The continued buoyancy of the

ACTIVE STOCKS

| Stock | Denomina- tion | No. of shares | Closing price (p) | Change on day | 1978 high | 1978 low |
|-----------------|-------------------|---------------------|----------------------|------------------|--------------|-------------|
| ICI | 1 | 20 | 397 | +1 | 397 | 328 |
| Shell | 1 | 565 | +12 | 565 | 494 | 494 |
| GEC | 25p | 10 | 283 | +3 | 283 | 283 |
| BP | 1 | 830 | +12 | 830 | 818 | 818 |
| Lyons | 1 | 123 | -4 | 123 | 145 | 72 |
| Midland Bank | 1 | 9 | 350 | +4 | 350 | 330 |
| Beecham | 25p | 8 | 546 | +10 | 546 | 538 |
| Duplex Intl. | 25p | 8 | 211 | +3 | 211 | 13 |
| Marks & Spencer | 25p | 8 | 88 | +3 | 88 | 87 1/2 |
| Robertson Foods | 25p | 8 | 139 | +18 | 132 | 130 |
| Sotaby P.B. 91% | 1 | 8 | 95 | +1 | 95 | 85 |
| Cum. Pri. | 1 | 7 | 37 | +1 | 37 | 35 |
| Inchcape | 25p | 7 | 265 | +4 | 265 | 226 |

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

| A & SUB-SECTIONS | | | | | | | | | |
|--|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| parentheses show number of companies per section | | | | | | | | | |
| Index No. | Day's Change % | Yield % (Dividend) | Yield % (Dividend) | Yield % (Dividend) | Yield % (Dividend) | Yield % (Dividend) | Yield % (Dividend) | Yield % (Dividend) | Yield % (Dividend) |
| 1 CAPITAL GOODS (27) | 235.06 | +1.5 | 16.13 | 5.23 | 8.57 | 23.53 | 23.34 | 22.20 | 19.31 |
| 2 Building Materials (27) | 215.70 | +1.8 | 16.05 | 5.14 | 8.57 | 21.94 | 21.27 | 20.16 | 16.81 |
| 3 Contracting Construction (27) | 376.49 | +1.1 | 18.56 | 3.94 | 7.83 | 369.64 | 371.13 | 363.05 | 27.70 |
| 4 Electricals (14) | 505.33 | +2.1 | 13.56 | 3.66 | 10.44 | 494.91 | 488.89 | 483.67 | 40.39 |
| 5 Engineering Contractors (14) | 346.46 | +0.8 | 17.32 | 3.98 | 7.69 | 343.67 | 341.66 | 336.51 | 28.35 |
| 6 Mechanical Engineering (14) | 187.47 | +0.8 | 17.32 | 3.98 | 7.69 | 184.99 | 183.01 | 183.96 | 19.97 |
| 7 Metals and Metal Forming (14) | 174.80 | +0.7 | 16.11 | 3.66 | 8.45 | 173.56 | 174.11 | 172.94 | 17.47 |
| 8 CONSUMERS (27) | 215.71 | +1.8 | 16.05 | 5.14 | 8.57 | 213.98 | 208.51 | 200.18 | 14.94 |
| 9 L.L. Electronics, Radio TV (10) | 261.66 | +2.3 | 14.22 | 3.90 | 8.35 | 255.71 | 253.46 | 249.02 | 21.77 |
| 10 Household Goods (10) | 184.50 | +0.8 | 16.97 | 3.14 | 8.26 | 182.33 | 180.77 | 178.72 | 16.27 |
| 11 Miscellaneous (27) | 151.74 | +1.3 | 18.98 | 6.11 | 7.96 | 150.11 | 149.49 | 148.77 | 12.87 |
| 12 NON-DURABLES (17) | 217.57 | +1.2 | 14.97 | 5.80 | 9.82 | 214.36 | 213.32 | 208.51 | 18.29 |
| 13 Breweries (14) | 236.92 | +1.9 | 14.65 | 5.92 | 9.39 | 234.61 | 230.41 | 226.18 | 19.76 |
| 14 Wines and Spirits (14) | 282.98 | +1.7 | 15.12 | 5.11 | 10.03 | 280.58 | 278.48 | 277.71 | 22.83 |
| 15 Entertainment, Catering (17) | 269.09 | +1.5 | 14.82 | 6.45 | 10.01 | 266.63 | 264.47 | 263.24 | 22.68 |
| 16 Food Manufacturing (17) | 298.46 | +1.3 | 14.32 | 5.91 | 10.01 | 296.02 | 293.85 | 293.03 | 18.44 |
| 17 Food Retailing (17) | 229.67 | +1.7 | 13.24 | 5.90 | 10.49 | 228.01 | 226.22 | 226.37 | 22.02 |
| 18 Newspapers, Publishing (13) | 400.23 | +0.7 | 16.14 | 3.15 | 14.07 | 397.42 | 394.65 | 394.72 | 33.94 |
| 19 Packaging and Paper (13) | 146.93 | +1.6 | 17.71 | 7.22 | 7.42 | 144.54 | 144.04 | 143.01 | 141.61 |
| 20 Stores (10) | 205.61 | +1.9 | 16.47 | 5.33 | 14.05 | 203.01 | 201.62 | 199.88 | 16.81 |
| 21 Textiles (10) | 182.79 | +1.5 | 18.12 | 7.58 | 7.18 | 180.69 | 181.32 | 180.77 | 16.72 |
| 22 Office Equipment (10) | 222.47 | +1.2 | 17.05 | 7.41 | 5.43 | 220.64 | 220.67 | 219.77 | 16.28 |
| 23 Toys and Games (10) | 118.25 | +3.6 | 19.19 | 5.40 | 6.22 | 114.12 | 113.04 | 112.18 | 12.85 |
| 24 OTHER GROUPS (9) | 212.37 | +1.5 | 15.16 | 4.99 | 8.63 | 209.22 | 208.57 | 207.86 | 19.20 |
| 25 Chemicals (10) | 298.43 | +1.8 | 16.55 | 5.86 | 8.21 | 293.13 | 291.37 | 289.16 | 26.94 |
| 26 Pharmaceutical Products (10) | 277.00 | +1.5 | 16.44 | 3.70 | 11.92 | 273.09 | 272.19 | 270.95 | 20.00 |
| 27 Office Equipment (10) | 186.62 | +1.7 | 17.28 | 5.48 | 6.85 | 184.32 | 183.25 | 182.31 | 12.44 |
| 28 Shipping (10) | 424.08 | +0.6 | 17.05 | 7.22 | 7.23 | 421.38 | 420.55 | 419.77 | 12.33 |
| 29 Miscellaneous (10) | 228.19 | +1.5 | 15.88 | 5.91 | 8.37 | 225.19 | 224.37 | 223.54 | 12.33 |
| 30 INDUSTRIAL GROUP (48) | 227.84 | +1.4 | 15.38 | 5.82 | 8.79 | 224.68 | 224.68 | 223.20 | 22.21 |
| 31 OILS (5) | 490.62 | +2.1 | 15.04 | 4.83 | 7.21 | 488.67 | 488.22 | 486.49 | 37.25 |
| 32 FINANCIAL INDEX (10) | 250.06 | +1.5 | 15.33 | 5.30 | 8.52 | 246.34 | 247.10 | 245.50 | 22.54 |
| 33 FINANCIAL GROUP (10) | 174.60 | +0.9 | 15.00 | 5.50 | 6.00 | 173.02 | 173.01 | 172.00 | 16.10 |
| 34 Banks (10) | 187.02 | +0.5 | 15.00 | 6.26 | 6.00 | 186.10 | 186.01 | 185.00 | 16.07 |
| 35 Discount Houses (10) | 212.09 | +0.4 | 15.00 | 7.93 | 12.09 | 211.29 | 210.88 | 210.00 | 16.06 |
| 36 Life Insurance (10) | 161.03 | +0.4 | 15.00 | 7.93 | 12.09 | 160.23 | 159.82 | 158.94 | 16.05 |
| 37 Insurance (Life) (10) | 153.98 | +0.4 | 15.00 | 7.93 | 12.09 | 153.18 | 152.77 | 151.89 | 16.04 |
| 38 Insurance (Compulsory) (10) | 137.13 | +0.4 | 15.00 | 7.93 | 12.09 | 136.33 | 135.92 | 135.04 | 16.03 |
| 39 Insurance Brokers (10) | 366.50 | +1.1 | 12.84 | 4.22 | 11.15 | 364.17 | 363.81 | 362.93 | 16.02 |
| 40 Merchant Banks (10) | 82.82 | +1.2 | 15.00 | 7.93 | 12.09 | 81.01 | 81.77 | 81.00 | 16.01 |
| 41 Property (10) | 258.27 | +0.7 | 2.76 | 2.90 | 71.20 | 256.42 | 255.73 | 254.28 | 22.22 |
| 42 Miscellaneous (10) | 109.57 | +0.2 | 23.06 | 7.62 | 5.62 | 109.31 | 109.47 | 109.30 | 15.99 |
| 43 Investment Trusts (10) | 208.14 | +0.6 | 2.91 | 4.31 | 34.37 | 207.26 | 206.90 | 206.00 | 15.98 |
| 44 Mining Finance (10) | 106.35 | +1.4 | 16.59 | 6.54 | 7.34 | 104.90 | 104.25 | 103.47 | 15.97 |
| 45 Overseas Traders (10) | 318.46 | +1.7 | 17.12 | 7.42 | 7.27 | 316.60 | 316.25 | 315.65 | 15.96 |
| 46 FINANCIAL INDEX (17) | 230.80 | +1.3 | 17.27 | 5.36 | 7.27 | 227.79 | 228.24 | 226.72 | 22.53 |

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PAINTINGS AND OBJECTS by MIHAEL SCHÖNER. Mon-Fri. 10-5. Sat. 10-5
Until August 14th. Adm. Free.

OWELL GALLERIES. Fine British and

Fork Lift Trucks ready for immediate delivery. Capacities from 2000 lbs. to 67,000 lbs. 50 % have new tyres, new batteries, new seats and painted original colours. List sent on request.

Trade and export enquiries welcome.
Lorry reduction on bulk purchase.
Deliveries arranged anywhere. Birmingham
from Fork Lift Truck Ltd. Home Box
Salix, Birmingham B8 1DU Tel: 02
327 9944 or 021-326 1705. Telex
337022.

42, Albemarle Street, Piccadilly, W.1

CLUBS

PUBLIC NOTICES

NORTH BEDFORDSHIRE BOROUGH

COUNCIL BILL
\$250,000 Bills maturing on 20th Sep-
tember, 1978, were offered and issued
on 21st June, 1978, at an average rate
of 11.5% p.a. Total applications for the
bills amounted to £3,500,000 and these
are the only bills in issue.

Box 189, Beams Street, 734 0557. A
Carte or All-in Menu. Three Spectacular
Floor Shows, 10.45, 12.45 and 1.45 and
music by Johnny Hawkesworth & Friends

MARGOYLE, 62, Dean Street, London, W.
NEW STRIPTEASE FLOORSHOW
THE GREAT BRITISH STRIP
 Show at Midnight and 1 a.m.
 Mon.-Fri. Closed Saturdays. 01-437 648

Head, Bond P.d. Aug. 4 1951 10.280.
*Exclusive of any prelim. charges.

| | | | |
|---|--|---|--|
| Summit Overseas Fund S.A. de Notre-Dame, Luxembourg [02081] 211-87-87 | | 14, Rue Aldinger, Luxembourg U.S. Nat. Inv. Fund. 311-23 089 | |
| National Pacific Inv. Mgt. Ltd. 100, West 37th St., New York [02081] 211-87-87 | | S. G. Warburg & Co. Ltd. 30, Graham Street, London Conv. Bd. Ang. 4. 5159-81 002 Europ. Inv. Ang. 4. 5159-81 002 U.S. Nat. Inv. Fund. 311-23 089 Merck-Brd. Ang. 4. 5159-81 002 | |
| Investment Managers (Jersey) Ltd. 100, Royal St., Jersey, Jersey [02081] 211-87-87 | | Warburg Invest. Mgt. Jny. Ltd. 1, Charing Cross, St. Helier, Jy. C. 5254-7741 CMP Ltd. July 27. 5254-7741 | |
| Financiers Planning & Co. Ltd. Place, Connaught Centre, Hong Kong | | | |

| | | | | | |
|-------------------|------------|------|------------------|------------|---------------|
| ...S&P A... | \$H\$32.70 | 0.90 | TMT July 14 | \$H\$10.38 | 13.57 |
| ...S&P B... | \$H\$37.22 | 1.00 | TMT Ltd. July 14 | \$H\$12.20 | 13.59 - 15.50 |
| ...on Firm Int... | \$H\$10.55 | | | | |
| ...Sec. (Inc.) | \$H\$12.97 | | | | |
| ...Sec. (Inc.) | \$H\$13.09 | | | | |

World Wide Growth Management
10a Boulevard Royal Luxembourg

NOTES

of tax on realized capital gains unless indicated by ϕ , ψ Guernsey gross, δ Suspense ϵ , ϕ Yield before Jersey tax, ψ Ex-subdivision.

| | |
|---|--------|
| CLIVE INVESTMENTS LIMITED | |
| Royal Exchange Ave., London EC3V 3LU. Tel: 01-253 1101. | |
| Index Guide as at 18th July, 1978 (Base 100 at 14.1.77) | |
| Clive Fixed Interest Capital | 131.60 |
| Clive Fixed Interest Income | 117.33 |

INSURANCE BASE RATES

| | |
|-----------------------------|----------|
| † Property Growth | 10 1/2% |
| † Vanbrugh Guaranteed | 9 2 1/2% |

† Address shown under Insurance and Property Bond Table.

**EXPORTERS-
LANGUAGE BARRIERS
ABOLISHED**

contact-B. D. Kay
INTERNATIONAL FACTORS LTD
Bridgeway House, New England Road,
Birmingham B15 2JX Tel: (0273) 667670
Birmingham, Cardiff, Leeds,
London, Manchester.

BRITISH FUNDS

High Low Stock Price % of Div. Yield

"Shorts" (Lives up to Five Years)

100% Treasury 7-10 100.00 1.25 8.22

100% Treasury 10-12 100.00 1.25 8.22

100% Treasury 12-15 100.00 1.25 8.22

100% Treasury 15-18 100.00 1.25 8.22

100% Treasury 18-21 100.00 1.25 8.22

100% Treasury 21-24 100.00 1.25 8.22

100% Treasury 24-27 100.00 1.25 8.22

100% Treasury 27-30 100.00 1.25 8.22

100% Treasury 30-33 100.00 1.25 8.22

100% Treasury 33-36 100.00 1.25 8.22

100% Treasury 36-39 100.00 1.25 8.22

100% Treasury 39-42 100.00 1.25 8.22

100% Treasury 42-45 100.00 1.25 8.22

100% Treasury 45-48 100.00 1.25 8.22

100% Treasury 48-51 100.00 1.25 8.22

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100% Treasury 57-60 100.00 1.25 8.22

100% Treasury 60-63 100.00 1.25 8.22

100% Treasury 63-66 100.00 1.25 8.22

100% Treasury 66-69 100.00 1.25 8.22

100% Treasury 69-72 100.00 1.25 8.22

100% Treasury 72-75 100.00 1.25 8.22

100% Treasury 75-78 100.00 1.25 8.22

100% Treasury 78-81 100.00 1.25 8.22

100% Treasury 81-84 100.00 1.25 8.22

100% Treasury 84-87 100.00 1.25 8.22

100% Treasury 87-90 100.00 1.25 8.22

100% Treasury 90-93 100.00 1.25 8.22

100% Treasury 93-96 100.00 1.25 8.22

100% Treasury 96-99 100.00 1.25 8.22

100% Treasury 99-102 100.00 1.25 8.22

100% Treasury 102-105 100.00 1.25 8.22

100% Treasury 105-108 100.00 1.25 8.22

100% Treasury 108-111 100.00 1.25 8.22

100% Treasury 111-114 100.00 1.25 8.22

100% Treasury 114-117 100.00 1.25 8.22

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100% Treasury 144-147 100.00 1.25 8.22

100% Treasury 147-150 100.00 1.25 8.22

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100% Treasury 153-156 100.00 1.25 8.22

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100% Treasury 222-225 100.00 1.25 8.22

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100% Treasury 231-234 100.00 1.25 8.22

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100% Treasury 243-246 100.00 1.25 8.22

100% Treasury 246-249 100.00 1.25 8.22

100% Treasury 249-252 100.00 1.25 8.22

100% Treasury 252-255 100.00 1.25 8.22

FT SHARE INFORMATION SERVICE

BONDS & RAILS-Cont.

High Low Stock Price % of Div. Yield

100% Treasury 7-10 100.00 1.25 8.22

100% Treasury 10-12 100.00 1.25 8.22

100% Treasury 12-15 100.00 1.25 8.22

100% Treasury 15-18 100.00 1.25 8.22

100% Treasury 18-21 100.00 1.25 8.22

100% Treasury 21-24 100.00 1.25 8.22

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100% Treasury 249-252 100.00 1.25 8.22

100% Treasury 252-255 100.00 1.25 8.22

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100% Treasury 264-267 100.00 1.25 8.22

100% Treasury 267-270 100.00 1.25 8.22

100% Treasury 270-273 100.00 1.25 8.22

BANKS & HP-Continued

High Low Stock Price % of Div. Yield

100% Treasury 7-10 100.00 1.25 8.22

100% Treasury 10-12 100.00 1.25 8.22

100% Treasury 12-15 100.00 1.25 8.22

100% Treasury 15-18 100.00 1.25 8.22

100% Treasury 18-21 100.00 1.25 8.22

100% Treasury 21-24 100.00 1.25 8.22

100% Treasury 24-27 100.00 1.25 8.22

100% Treasury 27-30 100.00 1.25 8.22

Handwritten note: 100,000

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

NOMURA
The Nomura Securities Co., Ltd.
NOMURA EUROPE N.V. LONDON OFFICE
Barbican Square, London EC2A 4PU, England
Tel: 01-606-3411, 6355

MINES—Continued

CENTRAL AFRICAN

| Stock | Price | Div | Yld |
|---------------|-------|-----|------|
| Anglo-African | 155 | 10 | 6.45 |
| Anglo-African | 155 | 10 | 6.45 |
| Anglo-African | 155 | 10 | 6.45 |

AUSTRALIAN

| Stock | Price | Div | Yld |
|------------------|-------|-----|------|
| Anglo-Australian | 155 | 10 | 6.45 |
| Anglo-Australian | 155 | 10 | 6.45 |
| Anglo-Australian | 155 | 10 | 6.45 |

TINS

| Stock | Price | Div | Yld |
|-----------|-------|-----|------|
| Anglo-Tin | 155 | 10 | 6.45 |
| Anglo-Tin | 155 | 10 | 6.45 |
| Anglo-Tin | 155 | 10 | 6.45 |

COPPER

| Stock | Price | Div | Yld |
|--------------|-------|-----|------|
| Anglo-Copper | 155 | 10 | 6.45 |
| Anglo-Copper | 155 | 10 | 6.45 |
| Anglo-Copper | 155 | 10 | 6.45 |

MISCELLANEOUS

| Stock | Price | Div | Yld |
|------------|-------|-----|------|
| Anglo-Misc | 155 | 10 | 6.45 |
| Anglo-Misc | 155 | 10 | 6.45 |
| Anglo-Misc | 155 | 10 | 6.45 |

NOTES

Notes on the above securities which include investment dollar premium.

TEAS

| Stock | Price | Div | Yld |
|-----------|-------|-----|------|
| Anglo-Tea | 155 | 10 | 6.45 |
| Anglo-Tea | 155 | 10 | 6.45 |
| Anglo-Tea | 155 | 10 | 6.45 |

INDIA AND BANGLADESH

| Stock | Price | Div | Yld |
|-------------|-------|-----|------|
| Anglo-India | 155 | 10 | 6.45 |
| Anglo-India | 155 | 10 | 6.45 |
| Anglo-India | 155 | 10 | 6.45 |

SRI LANKA

| Stock | Price | Div | Yld |
|-----------------|-------|-----|------|
| Anglo-Sri Lanka | 155 | 10 | 6.45 |
| Anglo-Sri Lanka | 155 | 10 | 6.45 |
| Anglo-Sri Lanka | 155 | 10 | 6.45 |

AFRICA

| Stock | Price | Div | Yld |
|--------------|-------|-----|------|
| Anglo-Africa | 155 | 10 | 6.45 |
| Anglo-Africa | 155 | 10 | 6.45 |
| Anglo-Africa | 155 | 10 | 6.45 |

MINES

| Stock | Price | Div | Yld |
|-------------|-------|-----|------|
| Anglo-Mines | 155 | 10 | 6.45 |
| Anglo-Mines | 155 | 10 | 6.45 |
| Anglo-Mines | 155 | 10 | 6.45 |

CENTRAL RAND

| Stock | Price | Div | Yld |
|---------------|-------|-----|------|
| Anglo-Central | 155 | 10 | 6.45 |
| Anglo-Central | 155 | 10 | 6.45 |
| Anglo-Central | 155 | 10 | 6.45 |

EASTERN RAND

| Stock | Price | Div | Yld |
|---------------|-------|-----|------|
| Anglo-Eastern | 155 | 10 | 6.45 |
| Anglo-Eastern | 155 | 10 | 6.45 |
| Anglo-Eastern | 155 | 10 | 6.45 |

FAR WEST RAND

| Stock | Price | Div | Yld |
|----------------|-------|-----|------|
| Anglo-Far West | 155 | 10 | 6.45 |
| Anglo-Far West | 155 | 10 | 6.45 |
| Anglo-Far West | 155 | 10 | 6.45 |

O.F.S.

| Stock | Price | Div | Yld |
|--------------|-------|-----|------|
| Anglo-O.F.S. | 155 | 10 | 6.45 |
| Anglo-O.F.S. | 155 | 10 | 6.45 |
| Anglo-O.F.S. | 155 | 10 | 6.45 |

FINANCE

| Stock | Price | Div | Yld |
|---------------|-------|-----|------|
| Anglo-Finance | 155 | 10 | 6.45 |
| Anglo-Finance | 155 | 10 | 6.45 |
| Anglo-Finance | 155 | 10 | 6.45 |

DIAMOND AND PLATINUM

| Stock | Price | Div | Yld |
|---------------|-------|-----|------|
| Anglo-Diamond | 155 | 10 | 6.45 |
| Anglo-Diamond | 155 | 10 | 6.45 |
| Anglo-Diamond | 155 | 10 | 6.45 |

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets.

| Stock | Price | Div | Yld |
|----------------|-------|-----|------|
| Anglo-Regional | 155 | 10 | 6.45 |
| Anglo-Regional | 155 | 10 | 6.45 |
| Anglo-Regional | 155 | 10 | 6.45 |

OPTIONS

3-month Call Rates

| Stock | Price | Div | Yld |
|---------------|-------|-----|------|
| Anglo-Options | 155 | 10 | 6.45 |
| Anglo-Options | 155 | 10 | 6.45 |
| Anglo-Options | 155 | 10 | 6.45 |

A selection of Options traded is given on the London Stock Exchange Report page

| Stock | Price | Div | Yld |
|--------------|-------|-----|------|
| Anglo-Indust | 155 | 10 | 6.45 |
| Anglo-Indust | 155 | 10 | 6.45 |
| Anglo-Indust | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|-----------|-------|-----|------|
| Anglo-Inv | 155 | 10 | 6.45 |
| Anglo-Inv | 155 | 10 | 6.45 |
| Anglo-Inv | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|-----------|-------|-----|------|
| Anglo-Fin | 155 | 10 | 6.45 |
| Anglo-Fin | 155 | 10 | 6.45 |
| Anglo-Fin | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|-------------|-------|-----|------|
| Anglo-Paper | 155 | 10 | 6.45 |
| Anglo-Paper | 155 | 10 | 6.45 |
| Anglo-Paper | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|------------|-------|-----|------|
| Anglo-Text | 155 | 10 | 6.45 |
| Anglo-Text | 155 | 10 | 6.45 |
| Anglo-Text | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|------------|-------|-----|------|
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|------------|-------|-----|------|
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|------------|-------|-----|------|
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |

| Stock | Price | Div | Yld |
|------------|-------|-----|------|
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |
| Anglo-Prop | 155 | 10 | 6.45 |

Hull for your next expansion.
New Development Opportunities brochure from:
Mr. R. H. H. H.
Director of Industrial Development
Kingston upon Hull City Council
77 Leazes, Hull, HU1 1HR
Telephone 0482 223111

FINANCIAL TIMES

Tuesday August 8 1978

Masonell
in control
MicroPak
Universal control valve
Solenoid Valve Corporation
P.O. Box 100, Waco, TX 76787, U.S.A.

PARTY WAITS FOR REPLY FROM FORMER LEADER

Liberals urge Thorpe to quit

BY PHILIP RAWSTORNE

MR. JEREMY THORPE's political future hung in the balance last night. Liberal MPs and senior officials waited all day for the former party leader's response to their virtually unanimous advice to him to abandon his decision to contest the North Devon seat at the general election.

One Liberal said: "We are waiting for an unequivocal declaration of his intentions." But a message from Mr. Thorpe's home at Cobham, North Devon, last night said that he had "nothing to say to anybody today."

Mr. Thorpe, remanded on bail with three others on a charge of

conspiracy to murder Mr. Norman Scott, the former male model, had been given more time by his party colleagues to reconsider his decision to contest the election.

Mr. David Steel, the Liberal leader and Mr. Alan Bethel, the chief whip, have suggested that he should remain an MP until the general election but have urged him to stand down then until the legal proceedings against him have been completed.

This course is seen by most Liberal MPs as the one that best protects both the Liberal Party and Mr. Thorpe's interests.

Mr. David Penhaligon, Liberal MP for Truro, said yesterday that it was "amazing" that Mr. Thorpe should be able to stand as an independent Liberal.

"I would have thought his first priority would be to defend himself against the charge he faces," Mr. Penhaligon said. "I don't bear any malice. I say that out of goodwill."

It was, however, apparently proving difficult to persuade Mr. Thorpe to agree to even a temporary withdrawal from party politics by reversing his decision to accept his local party's nomination.

If Mr. Thorpe persists in fighting the next election, it seems increasingly likely that he would have to stand as an independent Liberal.

Other Liberal MPs have indicated that serious damage to the party's electoral support could ensue if its national election campaign were to become entangled with his personal contest in North Devon.

In those circumstances, the Liberal Party would find it difficult to endorse him as an official party candidate though there would be no question of opposing him.

Hoffmann considers Scottish site for plant

By Kevin Done and Ray Perman

A SITE in south-west Scotland is being considered by Hoffmann-La Roche, the Swiss pharmaceutical company, as the location for a major new plant costing well in excess of £50m.

The company has examined sites in several countries in Western Europe, including Switzerland, but the Scottish site at Dalry, Ayrshire, has emerged as one of the strongest contenders.

Hoffmann-La Roche, the maker of drugs such as Valium, Librium and Mogadon, already has a plant at Dalry manufacturing the vitamins B1 and B5, and the site has ample room for expansion.

The company is now proposing to build a Vitamin C bulk manufacturing plant, with production aimed chiefly at export markets. About 90 per cent of sales from the existing Dalry unit goes overseas.

Hoffmann-La Roche said last night that a final decision is expected in the next few weeks. If the plant is built at Dalry, it will come as a major boost to an area where unemployment is well above the national average, following the decline of traditional heavy industries.

300 jobs

More jobs are likely to be lost in the Dalry area in the next few months with the running down of the Glenrock steel works. The Hoffmann-La Roche project is expected to create at least 300 new jobs.

If the plant goes ahead it will clearly receive major Government financial assistance, and the poor state of some local services could call for added State expenditure.

The local sewage system in the Garmock Valley would not be adequate to cope with effluent from a plant of the size proposed by Hoffmann-La Roche, and the improvement of these services is one of the issues now under discussion between the company, the Department of Health and local authorities.

Extra investment on ancillary services could push total capital expenditure associated with the project towards £100m.

Hoffmann-La Roche already has 600 employees at its existing Dalry site and a total UK workforce of some 1,700.

Its other manufacturing site is at Welwyn Garden City, where it has a pharmaceutical manufacturing plant along with one of its largest research laboratories in the group worldwide.

The company's turnover in the UK last year was £58m out of total group sales of SwFr 5,400 (£1,600m).

Under the terms of the deal Barlow will also be paying £15m in cash which at present will remain in South Africa. This may be used to support Reed's other South African operations.

The £15m is to be funded by a rights issue of Barlow Rand Preferred Ordinary shares—the same class of shares the group issued when it bought a 50 per cent stake in GEC South Africa earlier this year.

The buying price of £39m compares with £32m that Reed paid to acquire its 43 per cent in Nampak. In total Barlow is paying 430 cents a share—the holding which compares with Nampak's recent suspension price of 520 cents a share.

In a further stage to the Nampak deal Barlow will announce on Friday the sale of its wholly owned Barlow Packaging subsidiary to Nampak.

On the latest account the combined packaging businesses have an annual turnover of £180m earning pre-tax profits of £27m.

At the same time the three multinationals with a base in the UK—Ford, General Motors and Chrysler—are continuing to import cars heavily from their Continental associates.

Ford was the largest importer overall last month bringing in 17,161 cars from the Continent, while Vauxhall, the GM subsidiary, imported 1,412 vehicles, and Chrysler 388. BL also joined the importers' lists when it sold 396 Minis made at its Seville plant in Belgium.

Table Page 6

THE LEX COLUMN

U.S. prospects for Commercial Union

The FT 30-Share Index first sneaked above the 500 mark just a couple of weeks short of ten years ago, and since then it has made the same journey up (and down) roughly a score of times. The All-Share Index is the one to watch at the moment: it is now 1 per cent above its previous peak in 1972.

In the money markets, Treasury bill rates slipped below 9 per cent and all eyes will be on today's banking figures. If eligible liabilities are down and there are signs of a slackening in the growth of bank lending, the authorities may be tempted to cut MLR later this week. Under the old formula a half point cut would now be in order.

Commercial Union

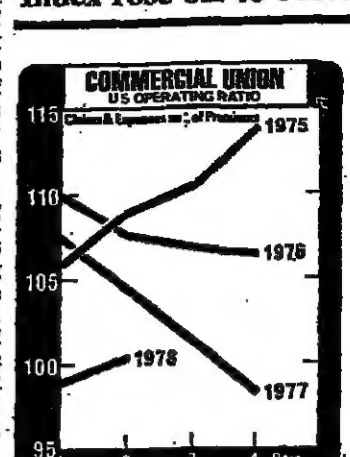
The insurance underwriting cycle in the U.S. is at, or close to, its peak. That is one of the conclusions to be drawn from a strong set of second quarter Share prices in the sector have figures from Commercial Union, taking profits for the half year up from £38.2m to £64.2m pre-tax. Another is that the UK is not the only place to be suffering from miserable weather: there have also been heavy weather losses in the U.S. and Australia, although the impact on CU is smoothed out by its extreme weather provisions.

Bad weather has certainly left a mark on the U.S. results, and largely explains why the statutory operating ratio deteriorated from 99 per cent in the first quarter to 100.3 per cent in the second. That is still a big improvement on last year, of course, and underwriting losses in the U.S. for the half year are down from £7.8m to just \$300,000. However, CU has seen a modest deterioration in its motor business over the past few months, and says that rate increases in this class of business are now very hard to come by. Sometime over the next 12 months or so, U.S. profitability is likely to start falling.

The group should still get close to breakeven on worldwide underwriting this year compared with losses of £20.9m last time. Its UK performance is surprisingly good, and there is room for some recovery in Holland. So the best guess would probably be that group profits could rise from £59.8m to £135m or £140m pre-tax in 1978, and stick at somewhere around that level in 1979.

This may not be a particularly exciting prospect for the stock market. But the hope is that the downturn in the underwriting cycle, when it comes, will slightly different. Nash is self-

Index rose 8.2 to 505.4



ing almost half of its net assets to Black and Edgington for a consideration of £1.5m to be satisfied by the issue of shares. But instead of holding on to these shares Nash is passing them on directly to its own shareholders. The scheme has the approval of the Inland Revenue, and shareholders will only pay CGT at the maximum rate of 30 per cent when they sell their new Black and Edgington shares. The bona fide commercial reason that appears to have been accepted in this case is that neither company wants Nash to have a 10 per cent stake in Black and Edgington.

Nigerian profits

A couple of years ago it was rare indeed to find a British company that was not doing very well in Nigeria. These days, however, the reverse is almost always the case. A couple of weeks ago Ishaque remarked on the collapse of its Nigerian profits and other companies report that the former rich pickings have disappeared. The increasing level of Nigerian participation in companies is cutting down foreigners' share of profits, which are in turn being hard hit by price controls and flat trading. The Nigerian decision to terminate the existing double taxation agreement with the U.K. has injected a further element of uncertainty.

Nigeria's current economic problems stem from the world oil glut. In the first half of 1978 its production dropped by 28 per cent and also hit by the decline of the dollar, Nigeria's oil revenues could be up to 40 per cent lower in real terms this year. The fall in oil revenues has led to a marked decline in the country's foreign currency reserves, and Nigeria has embarked on an ambitious capital raising programme in the Euro-currency markets.

Against this background, the Nigerian authorities have been tightening their grip on the corporate sector via the tax system so as to stem the foreign currency outflow. It is still too early to assess how severe the mooted tax reforms will be on foreign company profits. At the moment, the big UK construction companies appear to be fairly relaxed about the prospect of paying tax at the rate of 24 per cent of their turnover. However, shipping companies are more concerned about possible Nigerian reactions to their 25 per cent increase in freight rates last February.

Anti-avoidance legislation in this area is notoriously complex, but in recent months a few chinks of light have been appearing. In May, W. N. Sharpe obtained Revenue agreement that its distribution of £5m surplus cash would qualify for Capital Gains Tax rather than income tax, while last month David S. Smith came through with a similar scheme to give back £1.6m to its shareholders.

Significantly, both companies appear to have been successful in convincing the Inland Revenue that the takeover of threat created by the cash surplus was a good enough commercial reason for the distributions to qualify for CGT.

The case of Nash Securities is slightly different. Nash is self-

U.S. oil curb 'will not hit Russia'

BY ANTHONY ROBINSON

MOSCOW, August 7.

THE U.S. decision to make oil equipment sales to the Soviet Union subject to special review and a specific export licence, in response to the falling of Soviet dissidents, will not affect Russian oil industry development, according to Mr. Zandar Takoyev, Deputy Minister of the Oil Industry.

In an interview with the Financial Times, Mr. Takoyev said that the kind of foreign equipment the Soviet Union needed to speed up development and increase the efficiency of its oil and gas industry was also available from other suppliers in Western Europe, Comecon and Japan.

Rebound

Any embargo would rebound on U.S. industry, he added.

The first major contract to be affected by President Carter's decision is the \$144m oil drill bit plant to be supplied by Dresser Industries.

Mr. Takoyev also referred to Senator Henry Jackson's demand for a ban on the export of submersible pumps.

"Mr. Jackson should not try to bully us. We shall be producing 10,000 submersible pumps ourselves this year and a big new plant is due to come on stream in Tatar next year which will cover all our needs," he said.

Discussion

According to a recent CIA discussion paper presented to the American Commerce Department's east-west trade advisory committee, the Soviet Union purchased \$3bn worth of Western oil and gas equipment and know-how plus a further \$4bn worth of large diameter pipe in the 1972-76 period.

The U.S. share amounted to only \$350m but this includes over 1,000 submersible pumps with a lifting capacity of more than 3m barrels per day which have played a significant role in stabilising production of the ageing Ural-Volga oil fields.

The U.S. is also acknowledged to have considerable technical expertise in the production of high quality bits for deep drilling, which explains the plan to import such a bit plant from Dresser Industries.

Details, Page 2

Links between Euro MPs and Westminster proposed

BY PHILIP RAWSTORNE

MOVES TO ensure close links between Westminster and the European Parliament after direct elections next year are proposed today by a House of Lords committee.

Among its recommendations is the establishment of a European Grand Committee at Westminster composed of members of the two Parliaments.

The Lords European Committee Committee warns in a report that the end of the dual mandate, under which MPs and peers sit in both parliaments, could lead to conflict.

There would be considerable danger of divisions of opinion between Westminster and European MPs, it says.

Westminster could lose its present "European dimension" and members of the European Parliament were likely to be less experienced in parliamentary politics.

European MPs may lack contact with parliamentary parties. "They could therefore find themselves pursuing policies in their European political groups different from those of their Westminster counterparts."

Overlapping constituencies could also lead to confusion about responsibilities, the report says. Lord Greenwood, former Labour Cabinet Minister, and chairman of the all-party committee, said yesterday: "We EEC issues and hear evidence agreed with most of the witnesses from Ministers or EEC Committee appeared before us that

everything possible should be done to prevent conflict developing. And the committee's report adds: "It is not apparent... that a wider exercise of influence by the European Parliament need of itself threaten or rival the different sphere of national control by national parliaments on national Ministers."

Members of the European Parliament's specialist committees could also be invited to give evidence.

In return, it proposes that representatives of the Lords Scrutiny Committee could attend European committee meetings on an informal or formal basis.

A secretariat should be established to co-ordinate liaison between the Commons and the Lords, their Scrutiny Committees and the Strasbourg Parliament.

It could also provide European MPs with briefs on EEC proposals from governmental, arts and independent sources."

Office facilities should be provided near Westminster by the European Parliament and the Lords should offer social and other facilities to European MPs, it says.

British Ministers and civil servants should also be available to European MPs who should continue to receive Government briefing on EEC issues.

Relations between the UK Parliament and the European Parliament should be improved by the House of Lords Paper 256-1, HMSO 80p.

Editorial Comment, Page 12

Men and Matters, Page 12

Reed International will raise £39m from sale of Nampak

BY RICHARD LORFE AND ANDREW TAYLOR

REED INTERNATIONAL is to raise £39m from the sale of its South African packaging subsidiary Nampak to Barlow Rand. Of this sum £24m is to be funded from loans raised outside South Africa and is to be used to pay off some of Reed's large worldwide debts.

This method of funding means that Reed, to a large extent, will escape the normally strict currency restrictions applying to overseas companies selling off their assets in South Africa.

A further indication that the South African authorities may be relaxing their stance on overseas investment also came yesterday with the news that Barton and Sons, the West Midlands engineering group, has sold its South African subsidiary to Metal Rolling and Tube for £24m cash.

Almost all of this sum is expected to come back to the UK without going through the securities and market, which stands at a discount of nearly

40 per cent to the official Rand dollar parity.

The Nampak deal is the second major sale to be announced by Reed in the past few days. Last week Reed revealed that its 83 per cent owned Canadian Reed Paper offshoot is to sell its joint venture interests in British Columbia for £29m, to the privately owned Canadian Forest Products.

Reed's selling programme — last year it raised around £40m through sales of assets — has been prompted by its large debts which at the end of the last financial year stood at over £390m compared with shareholders' funds of £360m.

Reed last night said that it had not decided which debts it would be paying off but the £24m tranche which Barlow Rand — South Africa's largest industrial company — is to raise from overseas borrowings.

However, it seems likely that Reed will be looking particularly closely at its Deutschmark borrowings.

Under the terms of the deal Barlow will also be paying £15m in cash which at present will remain in South Africa. This may be used to support Reed's other South African operations.

The £15m is to be funded by a rights issue of Barlow Rand Preferred Ordinary shares—the same class of shares the group issued when it bought a 50 per cent stake in GEC South Africa earlier this year.

The buying price of £39m compares with £32m that Reed paid to acquire its 43 per cent in Nampak. In total Barlow is paying 430 cents a share—the holding which compares with Nampak's recent suspension price of 520 cents a share.

In a further stage to the Nampak deal Barlow will announce on Friday the sale of its wholly owned Barlow Packaging subsidiary to Nampak.

On the latest account the combined packaging businesses have an annual turnover of £180m earning pre-tax profits of £27m.

At the same time the three multinationals with a base in the UK—Ford, General Motors and Chrysler—are continuing to import cars heavily from their Continental associates.

Ford was the largest importer overall last month bringing in 17,161 cars from the Continent, while Vauxhall, the GM subsidiary, imported 1,412 vehicles, and Chrysler 388. BL also joined the importers' lists when it sold 396 Minis made at its Seville plant in Belgium.

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Table Page 6

Weather

UK TODAY

SHOWERS, rather cool.

London, S.E. E. Cent. N. Eng.

land, E. Anglia, E. and W. Mid-

lands

Rather cloudy. Showers. Max

17C-18C (63F-64F).

Channel Is, S.W. England,

S. Wales.

Scattered showers. Max. 18C

(64F).

N. Wales, N.W. England, Lakes,

Isle of Man, N.W. and S.W.

Scotland, Glasgow, Cent. High-

lands, Argyll, N. Ireland

Rather cloudy. Scattered

showers. Max. 15C-18C (59F-63F).

Outlook: Unsettled.

BUSINESS CENTRES

Y'day

Monday

Y'day

Monday

Y'day

Monday

Y'day

Monday

Y'day

Monday

Y'day

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Monday

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Monday

Y'day

Monday

Continued from Page 1

Telephone engineers

were now very difficult, said the Post Office.

Foreign exchange and currency deposit brokers have already warned that the City of London could lose millions of pounds worth of business if the dispute continues and that the effects could be disastrous within two months.

Under the McCarthy proposals the cost of shortening the 125,000 engineers' working week would be covered by greater work flexibility, including staggered starts.

There is also a drawback provision which would allow any costs resulting from the scheme, above the nil-cost target, to be offset against payments made to the engineers under existing productivity arrangements.

Mr. Stanley said the union saw the proposals as a basis for negotiation but part of the problem was that what came of the proposals would mean for the engineers was not clear.

By putting forward conditions which had to be met before it would negotiate on the report, the Post Office had placed unnecessary obstacles in the way of an agreement.

Ford's July market share at 17-year high of 35 per cent.

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD WON a bigger share of the UK car market in July than in any month for the last 17 years. Its sales, at 22,285 units, accounted for 35 per cent of the total, completely overshadowing the 13,527 units of all other cars.

The figures, issued yesterday by the Society of Motor Manufacturers and Traders, underline once again that the industry is enjoying rapid growth this year, with sales up 8 per cent on the same month in 1977 and 28 per cent for the first seven-month period.

But Ford has shown a much greater ability than its competitors to exploit the opportunities. Its unit sales have gone up by about 56,000 this year, against 20,000 at BL, 10,000 at Vauxhall and 17,000 at Chrysler. In July its market share was almost 10 per cent ahead of its monthly average for 1977.

Figures to be published later this week are expected to show that Ford also captured market leadership last month in all the main commercial vehicle sectors, suggesting that it is well on the way to making record profits in the UK again this year.

BL, the former British Ley-

land, managed to recover slightly last month from the 17.6 per cent penetration it achieved in June. But its sales were nevertheless heavily down on July last year, when it captured 29.8 per cent and sold 7,000 more vehicles.

Within BL, the Austin Morris division has shown better performance so far this year than Jaguar-Rover-Triumph. Its sales have gone up by 34,000 units to 170,000 this year, while the specialist car division have declined by 4,000 to about 40,000.

This fall at JRT is mainly due to production losses on the TR7 following the closure of the Spoke plant at Liverpool, but sales of the Rover saloon, on which output has increased more slowly than planned, have only reached 17,000 so far in 1978.

Japanese decline

Among the importers, sales of Japanese cars showed a significant decline, suggesting that the tighter controls on shipments from Japan are beginning to take effect. The Japanese registrations dropped from 5,623 units in July last year to 4,947, and penetration went down from 8.4 per cent to 7.5 per cent. Sales

Table Page 6

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

U.S. \$10,000,000

MEDIUM TERM LOAN</